NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS

Congressional Information Service, Inc
Washington, D.C.

Union Calendar No. 277

100th Congress, 1st Session

H. Rept. No. 100-433

S. Rept. No. 100-216

Report of the Congressional Committees Investigating the Iran-Contra Affair

Appendix A: Volume 2
Source Documents

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

S963-2
H963-2

82-684 O-88-1

LEE H. HAMILTON, INDIANA, CHAIRMAN
DANTE B. FASCELL, FLORIDA, VICE CHAIRMAN
THOMAS S. FOLEY, WASHINGTON
PETER W. RODINO, JR., NEW JERSEY
JACK BROOKS, TEXAS
LOUIS STOKES, OHIO
LES ASPIN, WISCONSIN
EDWARD P. BOLAND, MASSACHUSETTS
ED JENKINS, GEORGIA

JOHN W. NIELDS, JR., CHIEF COUNSEL
W. NEIL EGGLESTON, DEPUTY CHIEF COUNSEL
CASEY MILLER, STAFF DIRECTOR

U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

DICK CHENEY, WYOMING
WM. S. BROOMFIELD, MICHIGAN
HENRY J. HYDE, ILLINOIS
JIM COURTER, NEW JERSEY
BILL McCOLLUM, FLORIDA
MICHAEL DEWINE, OHIO

THOMAS R. SMEETON, MINORITY STAFF DIRECTOR
GEORGE VAN CLEVE, CHIEF MINORITY COUNSEL
RICHARD LEON, DEPUTY CHIEF MINORITY COUNSEL

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

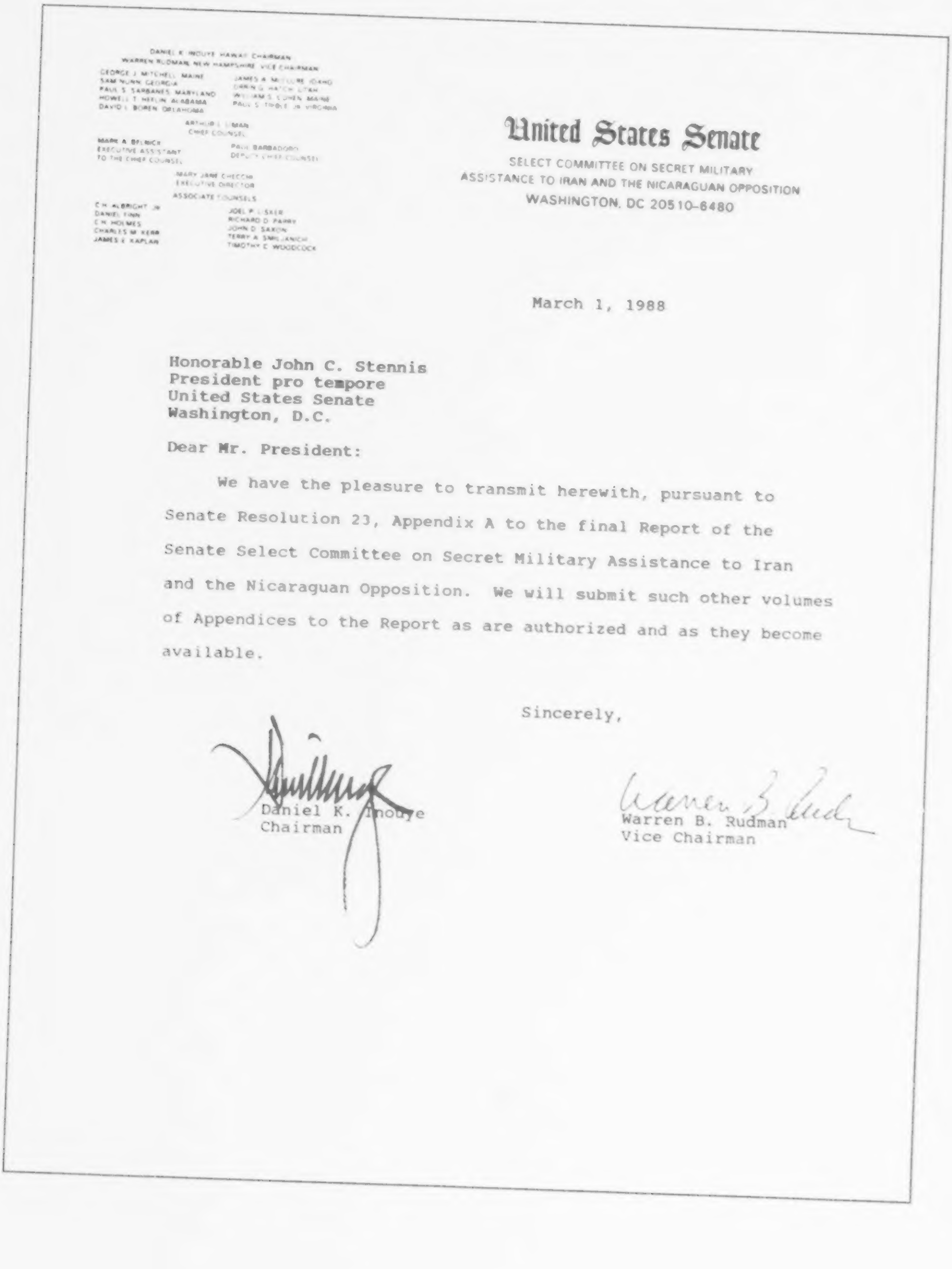
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix A to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix A consists of the Source Documents cited or referred to in the footnotes and other references of the Report. All contents of Appendix A have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



DANIEL K. INOUYE, HAWAII, CHAIRMAN
WARREN RUDMAN, NEW HAMPSHIRE, VICE CHAIRMAN

GEORGE J. MITCHELL, MAINE
SAM NUNN, GEORGIA
PAUL S. SARBANES, MARYLAND
HOWELL T. HEFLIN, ALABAMA
DAVID L. BOREN, OKLAHOMA

JAMES A. McCLURE, IDAHO
ORRIN G. HATCH, UTAH
WILLIAM S. COHEN, MAINE
PAUL S. TRIBLE, JR., VIRGINIA

ARTHUR L. LIMAN
CHIEF COUNSEL

MARK A. BELNICK
EXECUTIVE ASSISTANT
TO THE CHIEF COUNSEL

PAUL BARBADORO
DEPUTY CHIEF COUNSEL

MARY JANE CHECCHI
EXECUTIVE DIRECTOR

ASSOCIATE COUNSELS
C.H. ALBRIGHT, JR.
DANIEL FINN
C.H. HOLMES
CHARLES M. KERR
JAMES E. KAPLAN

JOEL P. LISKER
RICHARD D. PARRY
JOHN D. SAXON
TERRY A. SMILJANICH
TIMOTHY C. WOODCOCK

United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix A to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Vice Chairman

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Lee H. Hamilton, Indiana, *Chairman*
Dante B. Fascell, Florida, *Vice Chairman*

Thomas S. Foley, Washington
Peter W. Rodino, Jr., New Jersey
Jack Brooks, Texas
Louis Stokes, Ohio
Les Aspin, Wisconsin
Edward P. Boland, Massachusetts
Ed Jenkins, Georgia

Dick Cheney, Wyoming, *Ranking Republican*
Wm. S. Broomfield, Michigan
Henry J. Hyde, Illinois
Jim Courter, New Jersey
Bill McCollum, Florida
Michael DeWine, Ohio

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

United States Senate

Select Committee on Secret Military Assistance To Iran and the Nicaraguan Opposition

Daniel K. Inouye, Hawaii, *Chairman*
Warren Rudman, New Hampshire, *Vice Chairman*

George J. Mitchell, Maine
Sam Nunn, Georgia
Paul S. Sarbanes, Maryland
Howell T. Heflin, Alabama
David L. Boren, Oklahoma

James A. McClure, Idaho
Orrin G. Hatch, Utah
William S. Cohen, Maine
Paul S. Trible, Jr., Virginia

Arthur L. Liman
Chief Counsel

Mark A. Belnick
Executive Assistant
To the Chief Counsel

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Majority Staff

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Special Deputy Chief Counsel	Charles Tiefer
Staff Counsels	Kenneth M. Ballen Patrick J. Carome V. Thomas Fryman, Jr. Pamela J. Naughton Joseph P. Saba
Press Liasion	Robert J. Havel
Chief Clerk	Ellen P. Rayner
Assistant Clerk	Debra M. Cabral
Research Director	Louis Fisher
Research Assistants	Christine C. Birmann Julius M. Genachowski Ruth D. Harvey James E. Rosenthal
Systems Administrator	Catherine L. Zimmer
Systems Programmer/Analysts	Charles G. Ratcliff Stephen M. Rosenthal
Executive Assistant	Elizabeth S. Wright
Staff Assistants	Bonnie J. Brown Christina Kalbouss Sandra L. Koehler Jan L. Suter Katherine E. Urban Kristine Willie Mary K. Yount

Minority Staff

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

Associate Minority Counsel	Robert W. Genzman
Assistant Minority Counsel	Kenneth R. Buck
Minority Research Director	Bruce E. Fein
Minority Staff Editor/Writer	Michael J. Malbin
Minority Executive Assistant	Molly W. Tully
Minority Staff Assistant	Margaret A. Dillenburg

Committee Staff

Investigators	Robert A. Bermingham James J. Black Thomas N. Ciehanski William A. Davis, III Clark B. Hall Allan E. Hobron Roger L. Kreuzer Donald Remstein Jack W. Taylor Timothy E. Traylor
Director of Security	Bobby E. Pope
Security Officers	Rafael Luna, Jr. Theresa M. Martin Milagros Martinez Clayton C. Miller Angel R. Torres
Editor	Joseph Foote
Deputy Editor	Lisa L. Berger
Associate Editor	Nina Graybill
Production Editor	Mary J. Scroggins
Hearing Editors	David L. White Stephen G. Regan
Printing Clerk	G. R. Beckett

Associate Staff

Representative Hamilton	Michael H. Van Dusen Christopher Kojm
Representative Fascell	R. Spencer Oliver Bert D. Hammond Victor Zangla
Representative Foley	Heather S. Foley Werner W. Brandt
Representative Rodino	M. Elaine Mielke James J. Schweitzer
Representative Brooks	William M. Jones
Representative Stokes	Michael J. O'Neil Richard M. Giza
Representative Aspin	Richard E. Clark Warren L. Nelson
Representative Boland	Michael W. Sheehy
Representative Jenkins	Robert H. Brink
Representative Broomfield	Steven K. Berry David S. Addington
Representative Hyde	Diane S. Dornan
Representative Courter	Dennis E. Teti
Representative McCollum	Tina L. Westby
Representative DeWine	Nicholas P. Wise
General Counsel to the Clerk	Steven R. Ross

United States Senate

Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition

Arthur L. Liman
Chief Counsel

Mark A. Belnick
Executive Assistant to the Chief Counsel

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

Associate Counsels

C. H. Albright, Jr.
Daniel Finn
C. H. Holmes
James E. Kaplan
Charles M. Kerr
Joel P. Lisker
W. T. McGough, Jr.
Richard D. Parry
John D. Saxon
Terry A. Smiljanich
Timothy C. Woodcock

Committee Staff

Assistant Counsels	Steven D. Arkin* Isabel K. McGinty John R. Monsky Victoria F. Nourse
Legal Counsel	Philip Bobbitt
Intelligence/Foreign Policy Analysts	Rand H. Fishbein Thomas Polgar
Investigators	Lawrence R. Embrey, Sr. David E. Faulkner Henry J. Flynn
Press Assistant	Samuel Hirsch
General Accounting Office Detailees	John J. Cronin Olga E. Johnson John C. Martin Melinda Suddes* Robert Wagner Louis H. Zanardi
Security Officer	Benjamin C. Marshall
Security Assistants	Georgiana Badovinac David Carty Kim Lasater Scott R. Thompson
Chief Clerk	Judith M. Keating*
Deputy Chief Clerk	Scott R. Ferguson
Staff Assistants	John K. Appleby Ruth Balin Robert E. Esler Ken Foster* Martin H. Garvey Rachel D. Kaganoff* Craig L. Keller Hawley K. Manwarring Stephen G. Miller Jennie L. Pickford* Michael A. Raynor Joseph D. Smallwood* Kristin K. Trenholm Thomas E. Tremble Bruce Vaughn
Administrative Staff	Laura J. Ison Hilary Phillips Winifred A. Williams
Secretaries	Nancy S. Durflinge Shari D. Jenifer Kathryn A. Momot Cindy Pearson Debra S. Sheffield*
Receptionist	Ramona H. Green
Computer Center Detailee	Preston Sweet

BEST COPY AVAILABLE

Committee Members' Designated Liaison

Senator Inouye	Peter Simons
Senator Rudman	William V. Cowan Thomas C. Polgar
Senator Mitchell	Richard H. Arenberg
Senator Nunn	Eleanore Hill Jeffrey H. Smith
Senator Sarbanes	Frederick Millhiser
Senator Heflin	Thomas J. Young
Senator Boren	Sven Holmes Blythe Thomas
Senator McClure	Jack Gerard
Senator Hatch	Dee V. Benson
Senator Cohen	James G. Phillips James Dykstra
Senator Trible	L. Britt Snider Richard Cullen

Part Time*

Assistant Counsel	Peter V. Letsou
Hearings Coordinator	Joan M. Ansheles
Staff Assistants	Edward P. Flaherty, Jr. Barbara H. Hummell
Interns	David G. Wiencek Nona Balaban Edward E. Eldridge, III Elizabeth J. Glennie Stephen A. Higginson Laura T. Kunian Julia F. Kogan Catherine L. Udell
Document Analyst	Lyndal L. Shaneyfelt
Historian	Edward L. Keenan
Volunteers	Lewis Liman Catherine Roe Susan Walsh

*The staff member was not with the Select Committee when the Report was filed but had, during the life of the Committee, provided services.

Contents

Note to Reader:

This volume contains certain source documents cited in the footnotes to the Report. These documents are grouped by chapter and labeled according to their chapter and footnote numbers.

Source documents that are available in the *Hearings* and *Deposition* volumes, from public sources, still classified, or otherwise unavailable are not included.

The Preface explaining the various types of documents in this volume begins on p. xiii.

Preface

This volume contains much of the documentary evidence—letters, memorandums, transcripts of telephone calls, and other materials—that underlies many of the factual statements made in the *Report of the Congressional Committees Investigating the Iran-Contra Affair*. The *Report* is a joint publication of the House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. The complete database for all factual statements made in the *Report* and referenced in its footnotes consists of the following:

- Source documents, contained in this volume.
- Published sources, referenced in the footnotes of the *Report* but not reprinted by the two Select Committees.
- Hearings before the two Select Committees, which are published separately in 11 volumes as the *Iran-Contra Investigation: Joint Hearings of the House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition*, 100th Cong. lst Sess. (1987).
- Depositions taken by the two Select Committees, which are published as *Report of the Congressional Committees Investigating the Iran-Contra Affair, Appendix B: Depositions*, H. Rept. No. 100-433, S. Rept. No. 100-216, 100th Cong., lst Sess. (1987).
- Exhibits prepared by the Select Committees or by witnesses or other persons and submitted for the record. All exhibits mentioned in the *Hearings* and most of those referenced in the *Depositions* are contained in those respective volumes.

Explanations follow of: source materials found in this volume; testimony; depositions; exhibits; interviews; published sources; and abbreviations, acronyms, and initials

Major Source Materials

The Select Committees relied heavily on sworn testimony and documentary evidence in compiling their final *Report*. Brief descriptions of the major sources appear here, and more detailed descriptions of some of the sources follow later in this Preface.

Testimony: Sworn testimony (testimony taken under oath) consisted of two kinds. Testimony taken in the joint hearings is referred to as "Test." in the footnotes, and testimony taken as depositions is referred to as "Dep." in the footnotes. Fuller explanations of these kinds of testimony appear below.

Documents: In most cases, miscellaneous documents referred to in the footnotes are published in this volume. Usually a Bates identification number appears in the footnote, e.g., N 2816. The identification number will assist researchers who wish to find the complete original document in the Select Committees papers stored with the National Archives and Records Administration. Access to Select Committees papers is subject to the respective rules of the House and Senate.

Interviews: Select Committees' staff interviewed a number of people on an unsworn basis. Most interviews were summarized in memorandums. The memorandums of the interviews referred to in the footnotes of the *Report* are stored with the National Archives.

PROF Note: These Notes were computerized interoffice messages carried over the White House's Professional Office Services system. National Security Council staff were provided with equipment to send and receive PROF Notes in their offices and in some cases in their homes. In many instances, messages sent over the PROF system were archived in White House computers and were retrieved by White House personnel and provided to the Select Committees. Footnote references to PROF Notes include the date and time (in military time) and the Bates document identification number. Most PROF Notes referred to in the footnotes are published in this volume.

KL-43 Messages: These messages were sent over telephone lines through use of a computerized instrument that encrypted the message at the sender's end and decoded it at the receiver's end. The system was portable and could be carried to remote locations. Most KL-43 messages referenced in the footnotes are published in this volume.

Israeli Historical Chronology: The Iranian Transactions—A Historical Chronology. The Committees entered into an agreement with the State of Israel whereby Israel agreed to prepare and provide a historical chronology detailing the role of Israel and individual Israelis in the Iran initiative from 1985 through 1986. Israel was unwilling to waive its privileges of State secrecy and sovereign immunity and permit its officials and citizens to be questioned by the Committees. In lieu of interviews or testimony, and without waiver, Israel agreed to conduct interviews of Israeli nationals and reviewed certain documents. With the specific agreement of the Government of Israel, information from the Israeli chronologies is used in this Report. By agreement between the Committees and the Government of Israel, the chronology remains classified.

Part I covers Israeli shipments of arms to Iran from August 1985 through November 1985. Part II covers U.S. arms shipments and Israeli participation in the arms transaction from December 1985 to the time of disclosure in November 1986. The Select Committees received Part II in July 1987, after public hearings were under way.

Israeli Financial Chronology: A Financial Chronology of the Iranian Transactions (April 26, 1987). At the request of the Select Committees, the Israeli Government also agreed to prepare from unsworn interviews of Israeli citizens a financial chronology. The document covers the money trail leading from the initial Israeli arms shipment to Iran in August 1985. By agreement, the document remains classified.

Other Source Documents

Tower Report: On December 1, 1986, President Reagan established the President's Special Review Board to examine the role of the National Security Council staff in national security operations, including arms transfers to Iran. The Board consisted of John Tower, Chairman, Edmund Muskie, and Brent Scowcroft. The Board and staff interviewed numerous individuals in and out of the Federal Government, but did not have authority to issue subpoenas or compel testimony. The Board issued its report—an examination of NSC operations, a narrative of the Iran-Contra Affair, and recommendations—3 months later. The full title is *Report of the President's Special Review Board*, John Tower, Chairman (Washington: Government Printing Office, February 26, 1987).

Tower Interviews (sometimes referred to as Tower Testimony): The Tower Board conducted unsworn interviews with 53 individuals. These people included former Assistants to the President for National Security, National Security Council Members, former Presidents, and Central Intelligence Agency employees. Interviews cited in the Report but not appearing in the *Source Documents* volume are filed with the Committees' papers at the National Archives.

Hearings

The Select Committees held 44 days of joint hearings and questioned 28 witnesses publicly. Public hearings began May 5, 1987, and ended August 3, 1987. Four witnesses—Central Intelligence Agency employees—testified in executive session. House Reporters transcribed all proceedings and the Senate Recording Studio videotaped them. Two television networks, Cable News Network and C-SPAN, televised all the public hearings. Individual public television stations, ABC, CBS, and NBC broadcast portions of the hearings.

Every witness testified under oath either in response to a subpoena or an invitation or voluntarily. Legal counsel accompanied most witnesses. The enabling legislation empowered the Select Committees to compel testimony over fifth amendment objections by granting use immunity. Once the Select Committees obtained a court order, they could immunize witnesses against the use of their testimony in criminal prosecutions. Thus, any statements or admissions made by witnesses granted use immunity could not be used in a subsequent criminal proceeding, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order. The Select Committees granted use immunity to about 20 witnesses.

Committees Members, in consultation with Chief Counsels and staff, identified and selected witnesses and then developed specific lines of inquiry. At the hearings, questioning was led by attorneys from either the House Select Committee or the Senate Select Committee, depending on a prearranged division of witnesses. Both House and Senate Members pursued followup questions.

Original, hand-corrected transcripts, from which the published *Hearings* volumes were produced, have been filed by the Committees in the National Archives.

Depositions

The Select Committees, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents also received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape recorded and later transcribed and authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses – or leads or collateral evidence based on those responses – could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In the *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits – documentary evidence – were developed by Select Committees staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents at the National Archives, and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions*, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Exhibits

Exhibits—personal papers, office memorandums, correspondence, corporate records, and miscellaneous documents—were an important source of information for the Select Committees. The Select Committees obtained some exhibits voluntarily, others through Committee-issued subpoenas. Primary sources for these exhibits were the White House, Department of State, Department of Defense, Central Intelligence Agency, Department of Justice, other Federal Government offices, and private parties.

During hearings, 1,092 exhibits were introduced, most often by the Select Committees. Occasionally, witnesses or deponents produced exhibits.

Exhibits presented during hearings are reproduced at the back of the *Hearings* volumes. Selected exhibits appear in the *Depositions* volumes at the conclusion of the relevant witness' statement. Some exhibits—extensive corporate records, for example—are not published in their entirety, but are stored in the Select Committees' records in the National Archives.

Like the testimony and depositions they accompanied, exhibits had to be reviewed by the White House Declassification Committee. Some exhibits remain classified and will not be published.

Interviews

Interviews were used to gather information, identify potential deponents and hearings witnesses, and explore new areas of investigation. Committee investigators, working individually or in teams, conducted most of the interviews. Interviewees were not subpoenaed and many volunteered information. Investigators interviewed, rather than deposed, individuals who had limited information or who were living in remote parts of the world. For instance, investigators conducted numerous telephone interviews with persons in Central America. In most cases, interviewees were not accompanied by counsel.

Investigators took notes of or recorded interviews and later summarized them into report memorandums. Report memorandums are not published in this volume; they have been deposited in the National Archives.

Published Sources

The Select Committees drew on both unpublished and published sources in preparing their final *Report*. Published sources (magazines, newspapers, books, Federal Government publications, and law journals) are not included in the *Source Documents* volume because they are available at libraries. They are listed here to indicate to readers and researchers the scope of the Select Committees' source materials. These sources are cited in the *Report* footnotes according to *A Uniform System of Citation* (Harvard Law Review Association, 14th Edition).

Magazines

Congressional Quarterly Almanac 1984
Journal of Intelligence and Counterintelligence
Newsweek
The New Republic
The Public Interest
The Washingtonian
U.S. News and World Report

Newspapers

Associated Press
Baltimore Sun
Boston Globe
Chicago Tribune
Dallas Morning News
Guardian (Manchester)
Los Angeles Times
Miami Herald
San Diego Union
The New York Times
The Washington Post
Wall Street Journal
Washington Times

Books

Borchard, *The Diplomatic Protection of Citizens Abroad* (1915)
Cline, R.S., *The CIA Under Reagan, Bush and Casey* (1981)
Colby, W.E., *Honorable Men: My Life in the CIA* (1978)
Corwin, E., *The Constitution and What it Means Today* (13th ed., 1975)
Corwin, E., *The President: Office and Powers 1787-1957* (No date)
Crosskev, W., *Politics and the Constitution* (1953)
Farrand, M., *The Records of the Federal Convention of 1787* (1937)
Federalist, The
Hamilton, Alexander, *Papers*
Jefferson, Thomas, *Writings*
Kent, S., *Strategic Intelligence for American World Policy* (1966)
Kirkpatrick, L. B., *The United States Intelligence Community: Foreign Policy and Domestic Activities* (1973)
Leary, W.M., ed., *The Central Intelligence Agency: History and Documents 131-33* (1984)
Maass, A., *Congress and the Common Good* (1983)
Madison, James, *Writings*
Mcyer, C., *Facing Reality: From World Federalism to the CIA* (1980)
Moses, H., *The Clandestine Service of the Central Intelligence Agency 3-4* (1983)
Pogue, F. C., *George Marshall* (1973)
Powers, T., *The Man Who Kept the Secrets: Richard Helms and the CIA* (1979)

Ranelagh, J., *The Agency: The Rise and Decline of the CIA* (1986)
Sick, G., *All Fall Down: America's Tragic Encounter with Iran* (1986)
Sofaer, A., *War, Foreign Affairs and the Constitution*
Thach, Jr., C.C., *The Creation of the Presidency* (1923)
Treverton, C. F., *Covert Action: The Limits of Intervention in the Post-War World* (1987)
White, L., *The Federalists: A Study in Administrative History, 1789-1801* (1948)
Wise, D., *The American Police State* (1976)
Woodward, B., *Veil: The Secret Wars of the CIA: 1981-1987* (1987)
Wright, Q., *The Control of American Foreign Relations* (1922)

Government Publications

Annals of Congress
Audit Report, Office of Inspector General, Department of State
Congressional Record
Congressional Research Service Report
Constitution of the United States
Hearings Before the Subcommittee on Europe and the Middle East, House Committee on Foreign Affairs
Hearings of the House Permanent Select Committee on Intelligence
Hearings of the Senate Select Committee on Intelligence
House Permanent Select Committee on Intelligence, Subcommittee on Legislation
House Report 122, 98th Congress, lst Session
Intelligence Authorization Act, Fiscal Year 1984
Public Law 97-377, Defense Appropriations Act for Fiscal Year 1983
Public Papers of the President of the United States, Jimmy Carter
Public Papers of the President of the United States, Ronald Reagan
Report of the National Bipartisan Commission on Central America, Henry Kissinger, Chairman
Select Committee on Intelligence, Senate Report No. 665, 98th Congress, 2nd Session
Senate Select Committee to Study Governmental Operations, Final Report
State Department Bulletin
U.S. Departments of State and Defense, The Challenge To Democracy in Central America
U.S. Government Accounting Office, Report of the Chairmen, Senate and House Select Committees Investigating Iran Arms Sales, "Iran Arms Sales: Department of Defense Transfer of Arms to the CIA"
Weekly Presidential Documents

Law Journals

American Journal of Jurisprudence
Publius
Texas Law Review
Vanderbilt Journal of International Law
West Virginia Law Review

Abbreviations, Acronyms, and Initials

Sources and footnotes in the *Report of the Congressional Committees Investigating the Iran-Contra Affair* often appear with the initials of individuals and acronyms and abbreviations of agencies, organizations, and other groups. The following list provides the full names for these shortened forms.

AECA:	Arms Export Control Act
AET:	A.M., Eastern Time
AH:	Albert Hakim
BG:	Code name for Oliver North
BGS:	Bretton G. Sciaroni
B. Sun:	Baltimore Sun
C/CATF:	Chief, Central American Task Force, Central Intelligence Agency
C.F.R.:	Code of Federal Regulations
CG:	Clair George
CIA:	Central Intelligence Agency
CINN:	CIA Document Control System
CJC:	Charles J. Cooper
C/NE:	Chief, Near East Division, Central Intelligence Agency
Comp. Gen.:	Comptroller General of the United States
Cong. Rec.:	Congressional Record
CSF:	Compagnie de Services Fiduciaries
CWW:	Caspar W. Weinberger
DCI:	Director of Central Intelligence
DCM:	Deputy Chief of Mission, U.S. Embassy
DC/NE:	Deputy Chief, Near East Division, Central Intelligence Agency
DDCI:	Deputy Director of Central Intelligence, Central Intelligence Agency
DDO:	Deputy Director of Operations, Central Intelligence Agency
DEA:	Drug Enforcement Administration
Dep.:	Deposition taken by the Select Committees
DIA:	Defense Intelligence Agency
DOA:	Department of the Army
DOD:	Department of Defense
DRC:	Duane (Dewey) R. Clarridge
DTR:	Donald T. Regan
EA:	Elliott Abrams
EATSCO:	Egyptian American Transport Company
EM:	Edwin Meese, III
Fed. Reg.:	Federal Register
FH:	Fawn Hall
FIR:	Felix I. Rodriguez

FY:	Fiscal Year
GPO:	Government Printing Office
GPS:	George P. Shultz
HPSCI:	House Permanent Select Committee on Intelligence
H. Rep.:	House of Representatives Report
H. Res.:	House Resolution
Int.:	Interview
JCS:	Joint Chiefs of Staff
JKS:	John K. Singlaub
JMP:	John M. Poindexter
KL-43	A device for sending secure telephone messages
LAT:	Lewis A. Tambs
NHAO:	Nicaraguan Humanitarian Assistance Office
NSC:	National Security Council
NSDD:	National Security Decision Directive
NSPG:	National Security Planning Group
OEOB:	Old Executive Office Building (also called EOB)
OLN:	Oliver L. North
OSG:	Operations Sub Group
PROF:	Professional Office Services. An interoffice computer message
Pub. L.:	Public Law
RCD:	Robert C. Dutton
RCM:	Robert C. McFarlane
RIG:	Restricted Inter-agency Group
RVS:	Richard V. Secord
RWO:	Robert W. Owen
SAT:	Southern Air Transport Company
SIG:	Special Interagency Working Group
S/LPD:	Office for Public Diplomacy for Latin America and the Caribbean
SNIE:	Special National Intelligence Estimate
S. Rep.:	Senate Report
S. Res.:	Senate Resolution
SS:	Stanley Sporkin
SSCI:	Senate Select Committee on Intelligence
STTGI:	Stanford Technology Trading Group International
TC:	Tomas Castillo
TCS:	Thomas C. Sinclair
Test.:	Sworn testimony taken before the Select Committees in their joint hearings
TIWG:	Terrorist Incident Working Group
U.S.C.:	United States Code

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.
Appendix B: *Depositions*, 27 volumes, 1988.
Appendix C: *Chronology of Events*, 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

CHAPTER 15. THE DIVERSION

15-10

1

See Hearing Exhibit OLN-51

Chapter 15, Footnote 56

The Director of Central Intelligence
Washington, D.C. 20505

National Intelligence Council

UNCLASSIFIED

C 184

NIC 00672-87
13 February 1987

15-56

MEMORANDUM FOR: Carroll L. Hauver
Inspector General

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism
Chief, Intelligence/Counterterrorism Center

SUBJECT: Addendum to Statement of NSC Initiative on Iran

1. At the suggestion of the Deputy Inspector General, I am providing additional details on certain aspects of my involvement in the Iranian initiative. These additional details are being offered as a result of my recalling in greater detail certain aspects of the initiative and of having my memory refreshed through review of papers and discussions with other Agency officials involved in the initiative.

2. I now recall that on 13 and 26 January 1986 Manucher Ghorbanifar, the Iranian intermediary involved in the Iranian initiative, made comments to the effect that he could obtain money for the Contras if the Agency supported him in thwarting terrorist attacks against countries [redacted] Even though a review of my notes confirms that he made statements to this effect, I did not include those comments in the memoranda I prepared because they seemed both far fetched and trivial. For example, he commented in January that by working with the Agency and [redacted] he could thwart a plot underway to smuggle several hundred pounds of explosives [redacted] From his perspective, he said [redacted] would be happy to receive such help and would reward him handsomely as well as be willing to supply funds to "Ollie's boys in Central America". Because my objective was to collect terrorist-related information that Ghorbanifar had [redacted] the statements that funds could be collected for the Contras seemed so preposterous that I did not give them any consideration whatsoever. I did record in-depth all information that he was willing to provide on terrorists, terrorist groups, or terrorist plots, including the alleged plot [redacted] Again, my focus in discussions with Ghorbanifar were directed at terrorist activity. Funding for the Contras in Central American was not a consideration, even remotely. I only recalled the comments made by Ghorbanifar after talking with the Inspector General's staff in late November.

Partially Declassified/Released on 11 Jan 1988
under provisions of E.O. 12356
by [illegible] National Security Council

CL BY [redacted]
DECL OADR

4176a

UNCLASSIFIED

SECRET

DHM 01.15

3. I also wish to clarify for the record a question put to me during my interview with you and other members of your staff in November. At that time, and in a subsequent memorandum prepared by a member of your staff, it was noted that Richard Kerr, Deputy Director of Intelligence, initially thought that he recalled I had told him as early as May 1986 that I believed funds were being diverted from the Iranian initiative to the Contras in Central America. I discussed the Iran initiative with Mr. Kerr several times during the summer and fall of 1986, essentially in the context of the problems of operational security of the initiative. I want to state emphatically, however, that the earliest I could have made comments relating to possible diversion of funds to the Contras to Mr. Kerr was in late August 1986.

4. It is my understanding now from discussions with Mr. Kerr that he believes that our conversation on the initiative and my alluding to possible diversion of funds to the Contras likely occurred in the August timeframe, although he does not recall a specific date. I want to reemphasize that I had not reached any judgments in the May timeframe that funds were being diverted to anti-Sandinista forces in Central America. It was only in late August 1986 that I began to suspect that funds were going to Central America.

Charles E. Allen

Charles E. Allen

cc: OGC
D/OCA

5

15-58+59

CLASSIFIED AT TIME OF PUBLICATION.

TOP [redacted] [illegible]CONTRACT/ORCON C 09517

UNCLASSIFIED

Chapter 15
Footnote 63

National I[illegible]

UNCLASSIFIED

10 September 1986

15-63

Partially Declassified [illegible] under provisions of [illegible] 4 Jan 1988

MEMOR[illegible] FOR: Director of Central Intelligence

FROM: Cha[illegible] Allen
Di[illegible] Hostage Location Task Force

SUBJECT: [illegible]can Hostages

1. I met with Ollie North last night at his office on American hostages. Ollie had just returned from a meeting with John Poindexter on the same subject.

2. Poindexter has given Ollie new [redacted]nce on the American hostages, namely:

- — [redacted] is to b[redacted]d in abeyance until further notice.

- — Ollie is to continue to develo[redacted] to the Iranian Government through Albert Hakim and Dick S[redacted] of Stanford Technology Associates. (Hakim, as you are[redacted]e, has links to [redacted] apparen[redacted] attempting to arrange for Ollie and George Cave to meet with Ra[redacted]ani, presumably with the next shipment of arms to Tehran.)

- — Ghobanifar will be cut out as the intermediary in future shipments of cargos to Iran, if at all possible. To cut Ghobanifar out, Ollie will have to raise a minimum of $4 million.

- — If there is no other channel for financing future arms shipments, then Ghobanifar will be used as a last resort.

3. Ollie is greatly relieved by Poindexter's decisions beca[illegible] feared that John and the President would shut down completely this bac[illegible] to Iran because of the kidnapping yesterday of Frank Reed. Ollie [illegible] that you immediately hold in abeyance [redacted]

- Reed released immediately

Charlie
Charles E. [illegible]

4176b

CL BY [redacted]
DECL OADR

Executive Registry 19179

C11N 4029

TOP SECRET/[redacted]/NOFORN/NOCONTRACT/ORCON

UNCLASSIFIED

Chapter 15, Footnote 73

15-73

- Ghorbanifar's financial situation is murky, indeed. [redacted] has claimed that he paid Ghorbanifar an additional $8M in cash, an assertion that cannot be validated.

Regardless of who is cheating whom -- and we are not likely to be able to sort out these confused finances -- we face a situation where operational security has been forgotten and no one is prepared to deal with the issue.

Rapprochment with Iran:

The broader, strategic objective has become subordinated to the tactical matter of the American hostages in Lebanon. Notwithstanding, we have obtained useful insights into the factious government of Iran.

- [redacted] for example, has focussed on long-term US economic investment in Iran, in addition to arms supply.

We have not yet developed a viable plan of action to utilize this information. Talk about geo-strategic relations is cheap and easy; hard options on how to accomplish this are harder to come by.

The Ghorbanifa[redacted] Channel:

Ghorbanifar is depressed and claims his financial situation has been damaged. On several occasions, he has said he would not sit idly by and permit himself to be made the "fall guy" in this matter. He claims to have given written accounts of all that has transpired to several persons in America and Europe. He has directed these individuals to make this material available to the press in the event that "something bad" befalls him. We believe this account would include statements to the effect that:

- the Government of the United States sold military materiel to the Government of Iran in order to gain the release of American hostages in Lebanon;
- a high-ranking US delegation met in Tehran with representatives of the Iranian government in order to discuss the future relations between the two countries, with various cooperative ventures discussed;

- the US Government made several promises to him (Ghorbanifar) that it failed to keep; and,
- the Government of the United States, along with the Government of Israel, acquired a substantial profit from these transactions, some of which profit was redistributed to other projects of the US and of Israel.

There is also likely to be material alleging poor judgement and shabby conduct by individuals of the US and Israeli governments.

Recommendations:

We face a disaster of major proportions in our efforts with Iran despite the apparent promise of the Hakim[redacted] channel. Too many know too much, and exposure, at a minimum, would damage the new channel badly, perhaps fatally.

- Rafsanjani cannot permit himself to be seen as dealing directly with the "Great Satan".

Exposure would make any movement on the hostages difficult, if not impossible.

- It is clear from [redacted] comments that he does not have total control over the Lebanese Shia holding the American hostages.

Because the risk of exposure is growing daily, the following actions are recommended:

(A) Establish a Senior-Level Planning Cell at the White House to focus on the potential for rapprochment with Iran, the appropriate channels to be used, and the separation of the tactical hostage issue from the long-term strategic objective.

This group could consist of two or three experts and should be headed by someone with the stature of a Henry Kissinger, a Hal Sauders, a Don Rumsfeld, or a Dick Helms.

The group should have access to all data concerning the ongoing initiative(s), including White House records and the [redacted]

N 11

(B) Develop Press Guidance in the Event of an Exposure. We have no coordinated press guidance on how to deal with the Iranian initiative should it be exposed publicly. Press guidance must be prepared now. At least one, possibly two major US journalists have bits and pieces of the hostage story and know that Ghorbanifar was involved in it.

- The Israelis have exposed some of this.
- Khashoggi and the Canadian financiers are complaining to influential US individuals.

We could soon have an incredible mess on our hands and damage limitation must be addressed now in an orderly, systematic manner.

(C) Effect an Orderly, Damage-limiting Shutdown of the Ghorbanifar[redacted]Channel. It is unlikely we could totally discredit any revelations by Ghorbanifar; he has too much documentary evidence that implicates US officials.

- Hakim has suggested that means be found to "buy off" Ghorbanifar.
- Perhaps we can engage Ghorbanifar otherwise, in non-hostage-related projects -- say, in the area of Iranian, Libyan, and Syrian sponsored terrorism.

A small working group of those knowledgeable of the Ghorbanifar[redacted]channel should meet to consider how to cope with this problem. Clearly, there are some personal things that can be done for Ghorbanifar, for example:

- Arrange permanent alien residency for his girl friend in California.
- Arrange for visas for his family so they can visit relations in the United States, and so his mother can obtain medical treatment here.

These steps will not alleviate Ghorbanifar's financial problems -- regardless of their merit -- but may dispose him more kindly to the US Government and lessen his inclination to expose the Iranian initiative.

15-76

See Hearing Exhibit OLN-315

C 09370

UNCLASSIFIED

[illegible]ES ONLY

Chapter 15
Footnotes 79 and 80

Partially Declassified/Released on 11 Jan 1988
under provisions of E.O. 12356
by B. Reger, National Security Council

15-79 +80

7 November 1986

MEMORA[illegible] [illegible]or of Central Intelligence
[illegible]ty Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

1. Roy M. Furmark, head of Adnan [illegible]oggi's New York operations, called on 5 November 1986 to request an urge[illegible]ting with me in Washington. I met with Roy on the afternoon of 6 Novemb[illegible] the Key Bridge Marriott Hotel. He provided further information on the f[illegible] that is occurring with the shutdown of the Ghobanifar [redacted] c[illegible]. The following are highlights of the conversation with Roy:

a. The Canadian investors wh[illegible]up $11 million to finance the arms transactions with Iran have retain[illegible]Washington law firm to bring suit against Khashoggi and the offshore [illegible]ny Lakeside, the firm into which they paid the $11 million to cover [illegible]cost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the ligitation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed—at his request—to withhold filing the suit until 17 November.

b. After the release of Jacobson, the Canadians began to press Ghobanifar and Khashoggi for repayment of the money owed. Ghobanifar told the Canadians that the latest transaction did not involve h[illegible]y way and that the United States was "dealing direct" with the I[illegible] Government.

c. The Canadians tend to believe Ghobanifar becaus[illegible]ha[illegible]d their lawyers block Ghobanifar's account in Credit Suiss[illegible] fu[illegible]ad been transferred into Ghobanifar's account in repayment [illegible]d to Iran, Credit Suisse would have automatically transf[illegible]o the Canadians' account in the Bank of Montreal.

4176c

CIIN 3975

UNCLASSIFIED

TS 3538-86
Copy 1 of 6

CL BY [redacted]
DECL OADR FM SISR VOL I

Executive Registry 19795

UNCLASSIFIED

C09371

d. [illegible]adians are extremely angry, they are pressing Khashoggi har[illegible]elieve that the Iranian Government has paid money to [illegible] of additional arms having been sent to Iran. They [illegible]hat Jaco[illegible] release could only have resulted from another arms [illegible]ction with Iran.

[illegible] The Canadians involved are Douglas Fraser, a financier who [illegible]es out of the Cayman Islands, and Ed Miller, who operates out of [illegible] and Van[illegible]. The third individual involved in the investment e[illegible] a s[illegible]oy could not remember his name) who lives in Los An[illegible]. The swami knows a number of prominent Congressmen (Cran[illegible]tioned) and even advises the Sultan of Brunei. The swami has counseled Fraser and Miller to be patient, but the two Canadians are now determined to recover their money.

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Seccord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and tha[illegible]ord is also involved in assisting North in the support the Contras [illegible]aragua.

g. When the Canadians origin[illegible]ut up the money after negotiations with Khashoggi and Ghobanifar, th[illegible]ieved the effort was formally sanctioned by the US Government. [illegible]are not concerned about the politics of the US-Iranian equati[illegible]ey simply want repayment of $10 million. Miller, a tough and sle[illegible]dividual, is especially determined to get his money back.

h. In addition to bringing s[illegible]ainst Lakeside and Khashoggi and exposing US Government involvemen[illegible]he arms transactions, the Canadians intend to use the swami to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only $1.1 million.

i. While Ghobanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to [illegible] a devastating mistake.

2. Roy stated that he would endeavor to identify the la[illegible]the Canadians have retained and would call me on 7 November. It[illegible] understanding that the law firm in question at one time had[illegible]ed [illegible] involving President Nixon. The Canadians have told Khasho[illegible]at t[illegible]ve already lost $6 million as a result of their ill-fated inv[illegible] part, Khashoggi is demoralized and is unable to correct t[illegible] his own financial difficulties. Ghobanifar, according to[illegible] has spe[illegible]ge sums of his own personal fortune over the past 18 months[illegible]is effort[illegible] described Ghobanifar as an excellent broker with extraor[illegible]ily high-level contacts in Western Europe, the Middle East, and Iran. Ghobanifar, however, is angry and bitter and his health is now impaired.

CIIN 3975

UNCLASSIFIED

TOP SE[illegible]ONLY

Executive Registry 19796

UNCLASSIFIED

C 09372

3. Ro[redacted]o specific suggestions on how to solve the financial problem[redacted] somehow $10 million should be paid into Ghobanifar's accoun[redacted]redit[redacted] (Account Number 283838-92-1). Because Ghobanifar's accou[redacted]Credit S[redacted]s totally blocked, the money would simply be trans[redacted]d to the Canadians. All the Canadians have are checks from Ghob[redacted] and Khashoggi—checks that are worthless. Roy reaffirmed that Ghob[redacted] and Khashoggi have been able to pay off the other investor—an Arab who p[redacted] $5 millio[redacted]y stated that he and Khashoggi may see the Canadians in Eu[redacted]o the ne[redacted]re to request more time, but they were not sanguine that a[redacted]woul[redacted]t from such a meeting.

4. Th[redacted] have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, h[redacted], had destroyed this process. The current publicity about these transact[redacted]robably has foreclosed any near-term hope of obtaining Iran's sup[redacted]n securing the release of additional hostages. The damage that [redacted]occur from the legal efforts of the Canadians is potentially significa[redacted]pecially because the Canadians are aware of all of the transactions that h[redacted]ccurred over the past 14 to 15 months.

6. I conclude from Roy's statement[redacted]:

a. Furmark is personally troub[redacted] having persuaded Adnan to put up capital for a venture that has now [redacted]our.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians ma[redacted]oo significant, especially since the press already have major [redacted]he back channel effort with Iran.

e. When dealing with Iran, every faction--to some exte[redacted]mus[redacted] taken into account. The fact that Ghobanifar kept Ayato[redacted] fully informed on his initiatives with the United States[redacted] radicals around Montazeri have decided to use the MacFa[redacted] contacts by Iranians with the United States as a way to[redacted]ck Rafsanjani's moderate faction. Ghobanifar, bitter and[redacted], may have actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

CIIN 3975

UNCLASSIFIED

Executive Registry 19797

UNCLASSIFIED

ONLY

C 09373

f. [illegible] though the situation is messy and is likely to become even mes[illegible]d keep in some perspective the damage that can be caused b[illegible] On balance, given the current exposure, the damage now [illegible]ot be [illegible]at.

Charles E. Allen

Executive Registry 19798

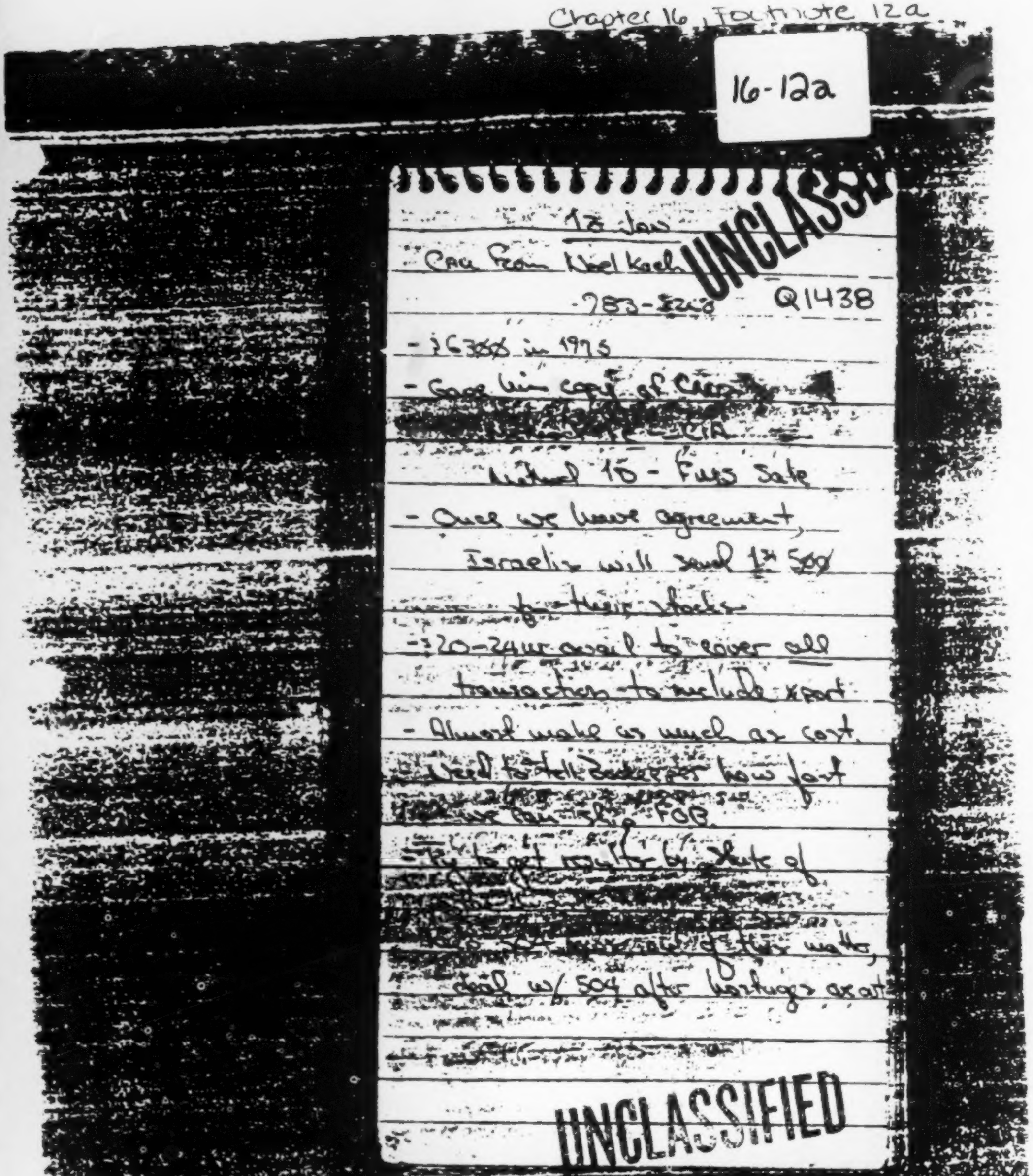
CIIN 3975

UNCLASSIFIED

TOP [illegible]

CHAPTER 16. SUMMARY: THE IRAN INITIATIVE

Chapter 16, Footnote 12a



16-12a

UNCLASSIFIED

13 Jan

Call from Noel Koch

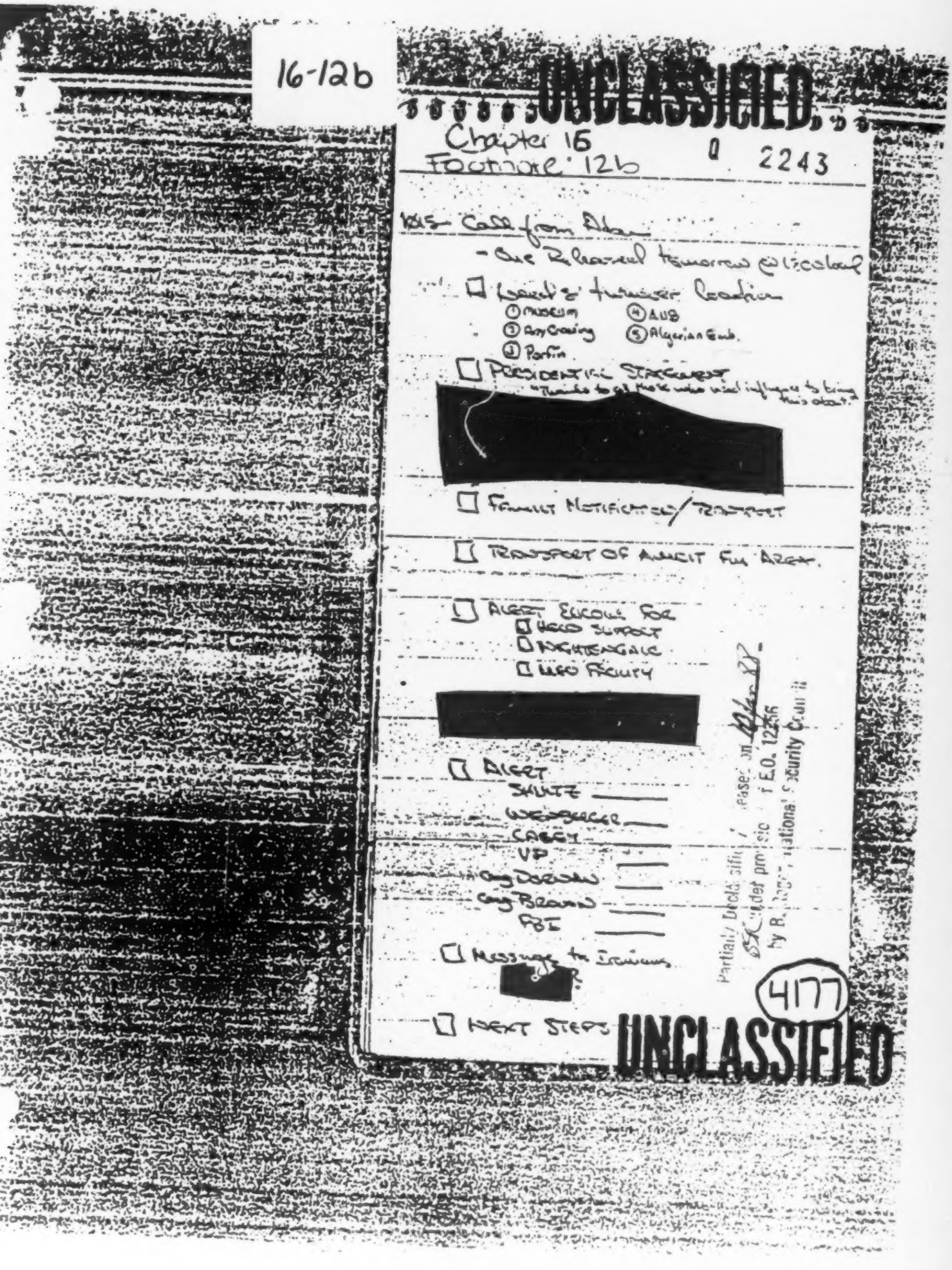
-783-8248 Q1438

- $6300 in 1975
- Gave him copy of [redacted] CIA

Noted 15 - Fuss Sale

- Once we have agreement, Israelis will send 1st 500 for their stocks
- $20-24M avail to cover all transaction - to include xport
- Almost make as much as cost.
- Need to tell Secord how fast [redacted] we can ship FOB
- Try to get results by date of [redacted] their matter, deal w/ 504 after hostages are out

UNCLASSIFIED



16-12b

UNCLASSIFIED

Chapter 16
Footnote: 12b

0 2243

1815 - Call from Abe

- One Released tomorrow @ 1200 local

☐ Hostage's transfer location
① Museum ④ AUB
② Any Crossing ⑤ Algerian Emb.
③ Porfin

☐ PRESIDENTIAL STATEMENT
"Thanks to all those who used influence to bring this about."

[redacted]

☐ FAMILY NOTIFICATION/TRANSPORT

☐ TRANSPORT OF AMCIT FM AREA.

☐ ALERT EUCOM FOR
☐ MED SUPPORT
☐ NIGHTINGALE
☐ MED FACILITY

[redacted]

☐ ALERT
SHULTZ ______
WEINBERGER ______
CASEY ______
VP ______
Cong Dornan ______
Cong Brown ______
FBI ______

☐ Message to Iranians

[redacted]

☐ NEXT STEPS

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. [illegible], National Security Council

4177

UNCLASSIFIED

CHAPTER 17. EXPOSURE AND CONCEALMENT INTRODUCTION

THIS CHAPTER DOES NOT CONTAIN FOOTNOTES.

CHAPTER 18. OCTOBER 1986: EXPOSURE THREATENED

UNCLASSIFIED

Chapter 18
Footnote 3

18-3

~~SECRET~~

[illegible] HOURS LOCAL 6 OCT 86. AS YOU MUST
ALREADY KNOW THE C-123 CRASHED IN
NICARAGUA. REPORTEDLY SHOT DOWN BY
SANDINISTA AA FIRE. THEY SAY THREE
AMERICANS ABOARD ARE DEAD. MY EMANTE
[illegible] [illegible] [illegible] A DETONATION IN
THEIR AREA AND IMMEDIATELY DISPATCHED
UNITS. I AND OTHER COMMANDERS KNOW THIS
WAS THEIR PLANE, AND WE JOIN THEM IN
EXPRESSING OUR DEEP SADNESS FOR THIS
LOSS OF BRAVE MEN. MAY THEIR
CONTRIBUTION NOT BE IN VAIN. SITUATION
REQUIRES WE DO NECESSARY DAMAGE CONTROL.
DID THIS A/C HAVE TAIL NUMBER OF 90. IS
IT THE SAME ONE WHICH REFUELED SEVERAL
TIMES A[redacted] PLEASE ADVISE ASAP.
IF SO, WE WILL HAVE TO TRY TO COVER
THIS UP AS RECORD OF TAIL NUMBER COULD
LEAD TO VERY SERIOUS IMPLICATION.
REGARDS, DX.

RD 000492

UNCLASSIFIED

Batch # 0014
92,000.00

SOUTHERN AIR TRANSPORT, INC.
CASH RECEIPT

BANK: C&S
DATE: 6-18-86

Chapter 18, Footnote 12

NAME	DESCRIPTION	12600000-CR	12800000-CR	OTHER	DR	CR	BANK-DR
Ace Udall Corp	[redacted]	92,000.00		14202000		[redacted]	[redacted] 92,000.00

UNCLASSIFIED

UNCLASSIFIED

SAT 000463

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by J. Reger, National Security Council

4867

18-12

Chapter 18 FN# 12

949.....

Dare 0034
464,180.00
Batch 0026
505,000.00

SOUTHERN AIR TRANSPORT, INC.
CASH RECEIPT

BANK C:S
DATE 5-23-86

Chapter 18, Footnote 12

NAME	DESCRIPTION	12400000-CR	12800000-CR	OTHER	DR.	CR	BANK-DR
IAS	5864A/05869	464,180.00	✓				464,180.00
East Inc	[redacted]16 ($40,000.00 [illegible])			1010500000		40,000.00	40,000.00
East Inc DOE	①	50,000.00	✓				50,000.00
East Inc 104725	Inv 5881 ②	55,000.00	✓				55,000.00
~~East Inc~~ 111970 VD211	Inv 5899	350,000.00	✓				350,000.00
East Inc	③	50,000.00	✓	1010500000		10,000.00	60,000.00
① Jet [illegible]				SAT — 001687			
② [illegible]							
③ [illegible] 50,000 Jet [illegible]							
		969,180.00				50,000.00	1,019,180.00

UNCLASSIFIED

Partially Declassified/Released on 1/28/89
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

10

4783

CREDIT PARTY ADVICE

THE CITIZENS AND SOUTHERN NATIONAL BANK

INTERNATIONAL DEPT.
BROAD AND MARIETTA STREETS
TELEX 54-2346
SWIFT CSBKUS33
PHONE 404/581-2400

OUR REFERENCE NUMBER	A216835PR
VALUE DATE	05-23-86
DATE	05-23-86
AT THE REQUEST OF	HYDE PARK SQUARE CORP
FOREIGN AMOUNT	USD 410,000.00
U S EQUIVALENT	410,000.00
RATE	0.000000
COMMISSION CHARGES	.00
TELEX CHARGES	.00
MISC. CHARGES	
TOTAL CREDIT AMOUNT	410,000.00
FAVOR OF	SOUTHERN AIR TRANSPORT INC MIAMI FL 33152
OPERATOR	IO 8000 RO 8008
MAIL TO	SOUTHERN AIR TRANSPORT INC PO BOX 52 4093 MIAMI FL 33152
WE CREDIT ACCOUNT	DDC 001- 08096497
PAYMENT DETAILS	

UNCLASSIFIED

SAT-001688
+ 001790

CREDIT PARTY ADVICE

THE CITIZENS AND SOUTHERN NATIONAL BANK

INTERNATIONAL DEPT.
BROAD AND MARIETTA STREETS
TELEX 54-2346
SWIFT CSBKUS33
PHONE 404/581-2400

OUR REFERENCE NUMBER	A216656PR
VALUE DATE	05-23-86
DATE	05-23-86
AT THE REQUEST OF	ALBON VALUES CORP
FOREIGN AMOUNT	USD 40,000.00
U S EQUIVALENT	40,000.00
RATE	0.000000
COMMISSION CHARGES	.00
TELEX CHARGES	[illegible]
MISC. CHARGES	
TOTAL CREDIT AMOUNT	40,000.00
FAVOR OF	SOUTHERN AIR TRANSPORT INC MIAMI FL 33152
OPERATOR	IO 8012 RO 8008
MAIL TO	SOUTHERN AIR TRANSPORT INC PO BOX 52 4093 MIAMI FL 33152
WE CREDIT ACCOUNT	DDC 001- 08096497
PAYMENT DETAILS	REF RE FUEL

UNCLASSIFIED

SOUTHERN AIR TRANSPORT, INC.

CASH RECEIPT

BANK C.S.

DATE 5-28-86

Chapter 18, Footnote 12

Baker 00335

200,000.00

NAME	DESCRIPTION	12400000-CR	12800000-CR	OTHER	DR	CR	BANK-DR
UD-PH 111370	1044.5899	200,000.00					200,000.00

Steel
5/20
72,000.00

UNCLASSIFIED

UNCLASSIFIED

Partially ~~Declassified~~/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

5854

UNCLASSIFIED

SAT 00117

UNCLASSIFIED

4786

SAT-001691
+001789

C&S
THE CITIZENS AND SOUTHERN NATIONAL BANK
[illegible]
INTERNATIONAL DEPT.
BROAD AND MARIETTA STREETS
TELEX 54-2346
SWIFT CSBKUS33
PHONE 404/581-2400

CREDIT PARTY ADVICE

[illegible] NUMBER A217509PR 111379	VALUE DATE 05-28-86	DATE 05-28-86
AT THE REQUEST OF HYDE PARK SQUARE CORP	FOREIGN AMOUNT USD 200,000.00	U.S. EQUIVALENT 200,000.00
	RATE 0.000000	COMMISSION CHARGES .00
FAVOR OF SOUTHERN AIR TRANSPORT INC MIAMI FL 33152		TELEX CHARGES .00
		MISC. CHARGES
		TOTAL CREDIT AMOUNT 200,000.00

OPERATOR
IO 0012
RO 0002

MAIL TO
SOUTHERN AIR TRANSPORT INC
PO BOX 52 4093
MIAMI FL 33152

WE CREDIT ACCOUNT
DDC 001- 00096497

PAYMENT DETAILS
REF REMITTER REF ZA0526 9250 136

INV 5899

Partially Declassified/Released on
under provisions of E.O. 12356
by B. Reger, National Security Council

18-26

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 18-29 Ke 29

Memorandum

UNCLASSIFIED

7738

Subject

Investigation of Southern Air Transport

Date

November 12, 1986

JLM:TEM:cmc

To

William F. Weld
Assistant Attorney General
Criminal Division

From

John L. Martin, Chief
Internal Security Section
Criminal Division

Attached hereto is a copy of a memorandum, dated October 31, 1986, from Judge Webster to Assistant Director Floyd Clarke of the Bureau's Criminal Investigative Division. Briefly, Judge Webster's memorandum advises that in accordance with a request from Associate Attorney General Steve Trott, the Bureau was to suspend its ongoing investigation of the captioned matter for a period of 10 days, because of possible prejudice to "some sensitive hostage negotiations."

As you know, this matter involves Eugene Hasenfus, the crew member of the C123 aircraft shot down over Nicaragua on October 7, 1986. The Bureau is anxious to resume its investigation, but, even though the 10-day period requested by Steve Trott has expired, it is unwilling to do so without the Department's approval.

Unless you advise to the contrary, I intend to advise the Bureau that it is free to resume its investigation without further delay.

Attachment

brought to SST's attention

under provisions of E.O. [illegible] 1/28/88
J. Reger, National Sec. [illegible]

UNCLASSIFIED

4789

18-31

CLASSIFIED AT TIME OF PUBLICATION.

18-34

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED Chapter 18

35

18-35

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON, D.C. 20229

RECEIVED
NOV 18 1986
Public Integrity Section

NOV 14 1986

REFER TO 1002

(4792)

ENF-1-03-E:OE:S:M RGL

J 6956

Partially Declassified/Released on 1/28/88
under provisions of E.O. 12356
by J. Reger, National Security Council

Mr. Ralph D. Martin
Department of Justice
315 9th Street, N.W.
Public Integrity Attorney
Washington, D.C. 20530

Dear Mr. Martin:

This is to confirm our telephone conversation of November 10, 1986, regarding the results of our initial inquiry into U.S. Customs Service criminal investigations of alleged violations of the Arms Export Control Act and the Nicaragua Sanctions as they relate to certain persons identified in Senator Kerry's report.

As explained, the data provided in Senator Kerry's report was cross checked with the criminal indices of the Treasury Enforcement Communications System (TECS), and Headquarters files. In addition, Customs Offices of Enforcement in Miami and Atlanta were contacted. For your information TECS records are indexed by name and other identifying data. TECS query of the names furnished, resulted in 21 matches. There were, however, numerous instances in which matches could not be refined as there were too many records in the universe. For example, the name John Hull resulted in 293 possible matches. Consequently, without further identifying data we are not able to determine if a record exists for some of the persons named.

[redacted]ding the Customs investigation into an alleged viol f the Arms Export Control Act by Southern Air Trans n their exportation to Central America of a C-123 airc he Special Agent in Charge, Miami, has initiated an inves ion into the matter. The investigation hinges on a determination as to the licensability of the aircraft, and this matter has been referred to the Department of State, Office of Munitions Control. This investigation is being conducted with the Special Agent in Charge, Federal Bureau of Investigation, Miami, Florida, who has assumed investigative jurisdiction over possible violations of the Neutrality Statutes and the Boland Amendment. The FBI therefore would best be able to respond to your question regarding ownership and financing of the aircraft. Customs has, however, determined that the aircraft in question was sold by Doan Helicopter in March 1986, for $475,000, to Southern Air Transport acting on behalf of Udall Research Corp.

UNCLASSIFIED

1003

Th[redacted] have been multiple investigations of Thomas Posey and the Ci[redacted]n Military Assistance group. [redacted]

J 6957

Finally, we identified only one instance in which a Customs office reported an allegation that U.S. Government Officials were funneling funds to the Contras. The report of investigation contained an unsubstantiated allegation that unnamed Central Intelligence Agency employees are passing funds to General Singlaub, USA, Retired, for use in acquiring material for the Contras.

[redacted]e in the process of obtaining the data you requested in our c[redacted]ation: the identity of the various AUSA'S handling these[redacted]s; the reports regarding Generals Singlaub and Secord; and wh[redacted]s if in the Southern Air Transport investigation, Customs uncovers any evidence indicative of high level government official involvement. This information will be forwarded to you in the near future.

Sincerely,

Raphael G. Lopez

UNCLASSIFIED

18-36

CLASSIFIED AT TIME OF PUBLICATION.

See Hearing Exhibit OLN-315

C 09370

UNCLASSIFIED

[illegible] ES ONLY

Chapter 15
Footnotes 79 and e

Partially Declassified/Released on 11 Jan 1988
under provisions of E.O. 12356
by B. Reger, National Security Council

18-62+64

7 November 1986

MEMORA[illegible]or of Central Intelligence
[illegible]y Director of Central Intelligence

FROM: Charles E. Allen
National Intelligence Officer for Counterterrorism

SUBJECT: Meeting with Roy M. Furmark

1. Roy M. Furmark, head of Adnan [illegible]oggi's New York operations, called on 5 November 1986 to request an urge[illegible]ting with me in Washington. I met with Roy on the afternoon of 6 Novemb[illegible] the Key Bridge Marriott Hotel. He provided further information on the f[illegible] that is occurring with the shutdown of the Ghobanifar [redacted] c[illegible]. The following are highlights of the conversation with Roy:

a. The Canadian investors wh[illegible]up $11 million to finance the arms transactions with Iran have retain[illegible]ashington law firm to bring suit against Khashoggi and the offshore[illegible]ny Lakeside, the firm into which they paid the $11 million to cover[illegible]ost of Hawk missile parts. The Canadians told Roy that they would bring suit against Khashoggi and Lakeside on Monday, 10 November, and that they intended to implicate in the litigation directly senior levels of the US Government. Roy claimed, however, that the Canadians had agreed—at his request—to withhold filing the suit until 17 November.

b. After the release of Jacobsen, the Canadians began to press Ghobanifar and Khashoggi for repayment of the money owed. Ghobanifar told the Canadians that the latest transaction did not involve h[illegible]y way and that the United States was "dealing direct" with the I[illegible] Government.

c. The Canadians tend to believe Ghobanifar becaus[illegible]ha[illegible]d their lawyers block Ghobanifar's account in Credit Suiss[illegible] fu[illegible]ad been transferred into Ghobanifar's account in repayment [illegible] to Iran, Credit Suisse would have automatically transf[illegible]o the Canadians' account in the Bank of Montreal.

4176c

C11N 3975

UNCLASSIFIED

TS 3538-86
Copy 1 of 6

CL BY [redacted]
DECL OADR FM SISR [illegible]

Executive Registry 19795

UNCLASSIFIED

TO[illegible]

C09371

d[illegible]dians are extremely angry, they are pressing Khashoggi har[illegible]elieve that the Iranian Government has paid money to s[illegible]of additional arms having been sent to Iran. They [illegible]hat Jaco[illegible] release could only have resulted from another arms [illegible]ction with Iran.

[illegible] The Canadians involved are Douglas Fraser, a financier who [illegible]es out of the Cayman Islands, and Ed Miller, who operates out of [illegible]o and Van[illegible]. The third individual involved in the investment e[illegible]a s[illegible]oy could not remember his name) who lives in Los Ang[illegible]. The swami knows a number of prominent Congressmen (Cran[illegible]as [illegible]tioned) and even advises the Sultan of Brunei. The swami has counseled Fraser and Miller to be patient, but the two Canadians are now determined to recover their money.

f. The Canadians intend to expose fully the US Government's role in the backchannel arms transactions with Iran. They believe Lakeside to be a proprietary of the US Government; they know that former Major General Richard Seccord is heavily involved in managing the arms transactions to Iran for Oliver L. North, and tha[illegible]ccord is also involved in assisting North in the support the Contras [illegible]aragua.

g. When the Canadians origin[illegible]ut up the money after negotiations with Khashoggi and Ghobanifar, th[illegible]ieved the effort was formally sanctioned by the US Government. [illegible]are not concerned about the politics of the US-Iranian equati[illegible]ey simply want repayment of $10 million. Miller, a tough and sle[illegible]dividual, is especially determined to get his money back.

h. In addition to bringing s[illegible]ainst Lakeside and Khashoggi and exposing US Government involvement[illegible]he arms transactions, the Canadians intend to use the swami to lobby key Congressmen. The Canadians believe that they have been swindled and that the money paid by Iran for the arms may have been siphoned off to support the Contras in Nicaragua. The Canadians originally expected to be repaid in thirty days; it has now been six months and they have received only $1.1 million.

i. While Ghobanifar managed the channel to Tehran, he coordinated his initiatives in a variety of ways with all significant factions in Iran. Clearly, whoever is running the new channel has failed to [illegible] a devastating mistake.

2. Roy stated that he would endeavor to identify the la[illegible]the Canadians have retained and would call me on 7 November. It[illegible]hi[illegible] understanding that the law firm in question at one time had[illegible]ed [illegible] involving President Nixon. The Canadians have told Khasho[illegible]at t[illegible]ve already lost $6 million as a result of their ill-fated inv[illegible] part, Khashoggi is demoralized and is unable to correct t[illegible] his own financial difficulties. Ghobanifar, according to[illegible] has spe[illegible]ge sums of his own personal fortune over the past 18 months[illegible]is effort[illegible] described Ghobanifar as an excellent broker with extraor[illegible]ily high-level contacts in Western Europe, the Middle East, and Iran. Ghobanifar, however, is angry and bitter and his health is now impaired.

CIIN 3975

UNCLASSIFIED

TOP S[illegible]NLY

Executive Registry 19796

[redacted]

UNCLASSIFIED

[redacted]

FILE: NOT [redacted] WHITE HOUSE COMMUNICATIONS AGENCY PAGE 00117

[redacted]

MSG FROM: [illegible] --CIMA TO: [illegible] --CPVA 10/17/86 15:09:31
TO: [illegible] --CPVD FLOYD G. [illegible] --CPVA ALTON G. [illegible]
NOTE FROM: David Major
SUBJECT: INVESTIGATION RESULTING FROM DOWN PLANE IN NICARAGUA
THE FBI INITIATED A PRELIMINARY INQUIRY INTO SOUTHERN AIRWAY IN MIAMI
AS A POSSIBLE VIOLATION OF THE NEUTRALITY [illegible] 1. THIS CASE SHOULD BE CLOSING

N 18297

6 May 1987

18-16

28

(270)

UNCLASSIFIED [redacted]

[redacted]

FILE: [illegible] [redacted] [illegible] ORGANIZATIONS AGENCY PAGE 0011[illegible]

GOOD [illegible]. HOWEVER CUSTOMS IS GOING AFTER THIS CASE
LIKE A DOG IN HEAT. THEY HAVE 3 [illegible] INVESTIGATING VIOLATIONS
OF (1) FOREIGN AGENT [illegible] (2) NICARAGUA PLANE EMBARGO (3) ILLEGAL
WEAPONS [illegible]. TREASURY IS [illegible] ON THIS INVESTIGATION AND WILL
MOST LIKELY [illegible]

CC: [illegible] --CPUA [illegible] --CPUA
[illegible] --CPUA [illegible] --CPUA
INVESTIGATION [illegible] FROM DOWN PLANE IN NICARAGUA

[redacted]

[illegible] FROM: [illegible] --CPUA TO: [illegible] --CPUA 10/17/86 17:39:40
TO: [illegible] --CPUA

*** Reply to note of 10/11/86 17:10
NOTE FROM: David Major
Subject: INVESTIGATION [illegible] FROM DOWN PLANE IN NICARAGUA
BUT I DO NOT KNOW BUT [illegible]. [illegible] WE SHOULD BE CONCERNED. OLLIE CAN
ADD INFO ON THIS.

CC: [illegible] --CPUA [illegible] --CPUA
INVESTIGATION [illegible] FROM DOWN PLANE IN NICARAGUA

[redacted]

N 18298

6 May 1987

(271)

UNCLASSIFIED

C 09372

3. Ro[redacted]o specific suggestions on how to solve the financial problem[redacted] somehow $10 million should be paid into Ghobanifar's accoun[redacted](Account Number 283838-92-1). Because Ghobanifar's accou[redacted]Credit S[redacted]s totally blocked, the money would simply be tran[redacted]d to the Canadians. All the Canadians have are checks from Ghob[redacted] and Khashoggi—checks that are worthless. Roy reaffirmed that Ghob[redacted] and Khashoggi have been able to pay off the other investor—an Arab who p[redacted]$5 millio[redacted]y stated that he and Khashoggi may see the Canadians in Eu[redacted] the ne[redacted]re to request more time, but they were not sanguine that a[redacted]t from such a meeting.

4. In[redacted]s have told Roy that they had kept their word keeping these transactions totally secret, but now felt no compunction to do so in the future in view of media exposure of the MacFarlane trip. Roy stated that he personally felt responsible for persuading Khashoggi to help finance these transactions. The effort had taken considerable courage both on the part of both Ghobanifar and Khashoggi. In Roy's opinion if the transactions had proceeded as planned in July 1986, the hostage issue would have been resolved by now. The apparent switching to another channel by the United States in dealing with the Iranian Government, h[redacted], had destroyed this process. The current publicity about these transact[redacted]robably has foreclosed any near-term hope of obtaining Iran's sup[redacted]n securing the release of additional hostages. The damage that [redacted]occur from the legal efforts of the Canadians is potentially significa[redacted]pecially because the Canadians are aware of all of the transactions that h[redacted]ccurred over the past 14 to 15 months.

6. I conclude from Roy's statement[redacted]:

a. Furmark is personally troub[redacted] having persuaded Adnan to put up capital for a venture that has now [redacted]our.

b. His approach to the US Government appears to be a last-ditch effort to try to pressure the government to take some action, for example, ensuring another shipment of arms through Ghobanifar.

c. Some very nasty allegations against the US Government and key officials will be made if the Canadians bring civil suit, although much of what they know is speculation and cannot be proven.

d. The fallout from any litigation by the Canadians may[redacted]oo significant, especially since the press already have major [redacted]the back channel effort with Iran.

e. When dealing with Iran, every faction--to some exte[redacted]mus[redacted] taken into account. The fact that Ghobanifar kept Ayato[redacted] fully informed on his initiatives with the United States[redacted] radicals around Montazeri have decided to use the MacFa[redacted] contacts by Iranians with the United States as a way t[redacted]ck Rafsanjani's moderate faction. Ghobanifar, bitter and[redacted], may hav[redacted] actually encouraged radical elements to expose those contacts, although the arrest of Mehdi Hashemi probably finally triggered the action by the radicals.

CIIN 3975

UNCLASSIFIED

Executive Registry 19797

UNCLASSIFIED
ONLY

C 09373

5. [illegible] though the situation is messy and is likely to become even mes[illegible]d keep in some perspective the damage that can be caused B[illegible] On balance, given the current exposure, the damage now [illegible]ot be t[illegible]t.

Charles E. Allen

C I A

Executive Registry 19798

CIIN 3975

UNCLASSIFIED
TOP [illegible]

CHAPTER 19. NOVEMBER 1986: CONCEALMENT

UNCLASSIFIED

N 7796

Chapter 18
Footnote 19-6

O 041847Z NOV 86
FM AIR FORCE ONE
TO WHSR
FOR DR KEEL FROM ADM POINDEXTER
SEM
~~S E C R E T~~

SUBJ IRAN PRESS GUIDANCE

1 WE HAVE USED THE FOLLOWING Q AND A

Q ABOUT MCFARLANE OR SPARE PARTS OR ARMS TO IRAN?

A WE HAVE NO COMMENT ON THESE REPORTS AS LONG AS THERE ARE AMERICAN HOSTAGES BEING HELD IN THE MIDDLE EAST WE WILL NOT BE RESPONDING TO QUESTIONS LIKE THIS A SIMPLE NO COMMENT WILL BE MADE TO ALL QUESTIONS ABOUT TALKS OR ACTIONS THAT MIGHT OR MIGHT NOT BE TAKING PLACE YOU SHOULD INFER NOTHING TO THESE RESPONSES

2. WHAT DO YOU THINK ABOUT THIS ONE? WE HAVE NOT USED IT YET

Q DOES THE U S STILL HAVE AN ARMS EMBARGO AGAINST IRAN IN THE IRAN-IRAQ WAR?

A THE U S POSITION IN THE IRAN-IRAQ WAR HAS NOT CHANGED THE FIGHTING SHOULD STOP AND THE TWO SIDES SHOULD REACH A NEGOTIATED SETTLEMENT OF THEIR DISPUTE ALL ACTIONS BY THE U S ARE TAKEN WITH THIS OBJECTIVE IN MIND THERE SHOULD BE NO WINNERS OR LOSERS AS LONG AS IRAN ADVOCATES THE USE OF TERRORISM THE ARMS EMBARGO WILL CONTINUE
#0012

1342

[redacted] Declassified/Released on 29 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

FM: AF/ Released: N 7797

TO: WHSR

FOR DR. KEEL FROM ADM POINDEXTER:

SUBJ: IRAN PRESS GUIDANCE

1. We have used the following Q & A.

Q. } insert Ⓐ
A. }

2. What do you think about this one? We have not used it yet.

Q. } insert Ⓑ
A. }

P 72
1:17

UNCLASSIFIED

[illegible]

Q About McFarlane or spare parts or arms to Iran?

A: We have no comment on these reports. As long as there are American hostages being held in the Middle East we will not be respond- to questions like this. A simple no-comment will be made to all questions about talks or actions that might or might not be taking place. You should infer nothing in these responses.

UNCLASSIFIED

N 1199

Q. Does the U.S. still have an arms embargo against Iran? in the ~~Iraq war~~ ?

Moreover

A. The U.S. position on the Iran-Iraq war ~~has not changed~~ is unchanged. That The fighting should stop and the two sides should reach a negotiated settlement of their disputes. ~~All actions by the U.S. are taken with this objective in mind.~~ There should be no winners or losers. [As long as Iran advocates ~~[illegible]~~ the use of terrorism the arms embargo will continue.

i.e. just an outcome where there are not winners or losers.

UNCLASSIFIED

19-8

See Hearing Exhibit DTR-58

UNCLASSIFIED [redacted]

Chapter 19, Footnote 10

N 13457

FILE: NOTE [redacted]O WHITE HOUSE COMMUNICATIONS AGENCY

PAGE 112

C[redacted] NSPNT --CPUA

[redacted]

[redacted]

[redacted]

MSG FROM: NSJMP --CPUA TO: NSDCN --1108 P
To: NSRFN --CPUA 11/07/86 22:55:05

*** Reply to note of 11/07/86 20:18

-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: Current Events
Ned, I will check with Don in the morning. I frankly doubt that he did what you suggest. I had breakfast with him this morning and he agreed that he would keep his mouth shut. I will see what I can find out and will call you. I wish everybody would calm down a bit on this. We have a damn good story to tell when we are ready. Right now would be an absolutely stupid time for the administration to say anything.

[redacted]

I will be back in touch.
N Current Events

[redacted]

[redacted]

7 May 1987

545

UNCLASSIFIED

19-10

49

UNCLASSIFIED

N 18468

PAGE 001

FILE: NOTE [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]

[redacted]

11/07/86 20:30:32

MSG FROM: NSRCM --CPUA TO: NSJMP --CPUA
To: NSJMP --CPUA JOHN M. POINDEXTER

-- ~~SECRET~~ --

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Current Events

Having been out of town for two days and maintaining the no comment line, I returned today to find that Don Regan has backgrounded the rumblings and laid the entire problem at my feet; my idea, my management, a strict arms for hostages deal, no larger agenda in mind, etc. I was told this not by a journalist but by my closest friend who had been getting calls all day to the effect that "Bud is being hung out to dry by Don Regan." I stillhave not commented to anyone.

But I must tell you that if this is true, I will be quite mad. This will be the second lie Don Regan has used against my character and I won't stand for it.

It might be useful to review just what the truth is.

You will recall that when the Israelis first approached us in June '85, I presented the idea of engaging in a dialogue with the Iranians--no mention at all of any arms exchanges at all--and he approved it.

We then heard nothing until August when the Israelis introduced the requirement for TOWs. I told Kimche no.

They went ahead on their own but then asked that we replace the TOWS and after checking with the President, we agreed. Weir was released as a consequence of their action.

My next involvement was to go to London where I presented our willingness to open a political dialogue but that we could not participate in an arms transfer for hostages. Gorbanifar ranted and raved but we did not change our position.

I returned to the States and debriefed the President (with Cap present, and Regan) that we had taken the position of being open to a political dialogue once our hostages were released but not before and ruled out an arms transfer. I also said that Gorbanifar was not to be trusted and recommended that we no longer carry on business with him. You were present John. I then left the government.

Some dialogue must have continued with Gorbanifar between New Year's and April, notwithstanding my recommendation. In April you contacted me to go to Iran to open the political dialogue. I did so. Once there, faced with bad faith on their part (not having released our people and without meetings with the decision makers) I aborted the mission. Ollie can verify all this.

50

309

6 May 1987

19-19

See Hearing Exhibit DTR-41

UNCLASSIFIED

[illegible]

N 8995

Chapter 19
Footnote. 19-20

10 November 1986

Vice Admiral John M. Poindexter, USN
Assistant to the President for
  National Security Affairs
The White House
Washington, D. C. 20500

Dear John,

Here is a version which says a little more than the one you read to me, which I think is necessary but not so much as to upset the Iranians. The draft you read to me does little more than say we reviewed the matter and discovered that we didn't break the law. You will note that there is a portion of the second paragraph and a portion of the fourth paragraph which could probably be struck or cut it down still further.

Yours,

William J. Casey

Attachment

1347

UNCLASSIFIED

[redacted] Released on 29 June 1987
under provisions of E.O. 12356
by B. Reger, National Security [illegible]

N. 8996

UNCLASSIFIED

In view of recent press speculation on our discussions with Iran, I have a brief statement to make. Because continued speculation could jeopardize lives and be counter-productive to what we hope to achieve, I will take no questions.

From the earliest months following the revolution in Iran, the United States Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. [illegible] ultimately will ~~again~~ play an important role in our strategic policy with respect to its neighbors, including the Soviet Union. We believe that the vital ~~longrange interests of those countries are best served by a strong,~~ prosperous Iran pursuing moderate policies and practicing friendship and tolerance for its people and other nations.

We seek a peaceful solution to the conflict between Iran and Iraq which leaves each country with its pride and its territory intact. Our policy has been and continues to be to restrain shipments of arms to either combatant that could alter the balance or prolong the war. Any contacts and discussions we have had have been within this policy framework.

It has been and will remain our policy not to reward hostage takers by meeting their demands. We accept and seek the help of other governments in recovering our hostages. Thus, it is part of our policy to recognize and encourage, both tangibly and intangibly, responsible behavior by governments which may in the past have sponsored terrorist actions. And if this were to contribute to the release of American hostages, this would be welcome.

2

UNCLASSIFIED

The decision to pursue this dialogue with Iran almost a year ago was mine. It was fully discussed with my principal advisors. I felt that the responsibilities of my office required me to make the difficult decision to proceed, bearing in mind that there were risks, but also that the long-term security interests of our country would be served by the reestablishment of contact and dialogue on strategic issues with the government of Iran.

*****

UNCLASSIFIED

Chapter 19-25 AC 25

UNCLASSIFIED

SECRET Done X

0930 11/12/86 WED NSB

N 7327

Non relevant information
deleted from this section

12.30.86
VML

- IRAN & HOSTAGES
  - 2 + 3 MAYBE
  - POSITIVE STATEMENT
    - FATWAH
  - PRESS GUIDANCE

non relevant material
deleted from this section

VML
12.30.86

(816)

☒ ~~Hostage statement~~

☒ Tng to Wein & Jones

P90
12/4/90
cc

UNCLASSIFIED

19-26

See Hearing Exhibit McFarlane-50

19-27

See Hearing Exhibit McFarlane-51

UNCLASSIFIED

[redacted]

Chapter 19
Footnote 27

N 13494

FILE: NOTE [redacted] 00 WHITE HOUSE COMMUNICATIONS AGENCY

PAGE 157

Subject: Continuation on Iran
*** Forwarding note from NSRCM --CPUA 11/12/86 22:12 ***
To: NSPM --CPUA

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Continuation on Iran

"With these thoughts in mind, we were receptive when, last year, we were alerted to the possibility of establishing a political dialogue with Iranian officials. After many false starts where other such approaches had proven without serious purposes, we took particular pains to validate the legitimacy of those involved. But after exhaustive effort had confirmed the authority of those involved and I should say, after they had placed themselves at considerable risk, we decided to take respond. From the beginning our purpose was clearly expressed.

We stated that although we could imagine engaging in a dialogue, that had very fundamental disagreements with (Iranian policy, most importantly with their support of terrorism and the holding of our hostages. Clearly no progress could be made or even considered until they were released and Iran ceased its terrorist attacks.

Not long after the exchanges began at a staff level, it became apparent that our interlocutors were indeed legitimate for they were able to direct concrete actions on which we insisted to include the release of hostages and the cessation of further such actions. It also became very clear that by doing so they had stimulated considerable infighting among other factions within Iran. It was apparent that those with whom we were dealing faced certain risks and needed support if they were to be able to carry on and broaden their constituency within Iran.

" Continuation on Iran
MSG FROM: NSRCM --CPUA TO: NSJMP --CPUA 11/12/86 22:29:50
To: NSJMP --CPUA JOHN M. POINDEXTER

57

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
Subject: Continutaiton II
*** Forwarding note from NSRCM --CPUA 11/12/86 22:28 ***
To: NSPM --CPUA

-- SECRET --

NOTE FROM: ROBERT MCFARLANE
SUBJECT: Continutaiton II

And as the staff level contacts continued into the spring of this year by which time we hadlaid down certain fundamental requirements--notably the full release of all our hostages. Based upon the maturing of confidence--albeit with clear disagreements--we sought to elevate the level of contacts to decision makers and a meeting wasarranged in Tehran. I asked my former national security advisor to undertake this mission and gave him very explicit instructions. These were to go to Iran and open a political dialogue, making clear with full force our basic disagreements with them and to say that while

[redacted]

[illegible] 7 May 1987
[illegible] E.O. 12356
[illegible] National Security Council

19-27

UNCLASSIFIED [redacted]

N 13495

[redacted]

we were open to a dialogue it could not be carried forward without the prior release of our hostages.

The talks took place over the course of four days. They were conducted in a civil fashion. At their conclusion our delegation departed. Since then the dialogue has continued and step by step progress is being made.With firmness and d evotion to principle we can continue to make progress.

All of this has involved great sensitivity for those involved. But over time they have managed to strengthen themselves to a position of being able to engage in more serious acts. There is no question but that we could not have reached this level had the initiative been exposed earlier--indeed it is everyone at risk today. The point is that I must face the responsibility of taking advantage of opportunities that hold promise of improving our security but when they involve a fundamental reorientation of another countries basic policies; absolute secrecy is required. There is ample precedent in our history for this kind of sensitive diplomacy and it has been fully accepted by my Cabinet.

From the beginning my guidance was to prepare briefings for presentation at the earliest moment that would not compromise the undertaking. I am afraid that that threshold may have been crossed too soon. Time will tell.

v Continentaltea II

[redacted]

[redacted]

[illegible] 7 May 1987

58

UNCLASSIFIED

19-28

See Hearing Exhibit McFarlane-52

19-31

See Hearing Exhibit DTR-58

19-46+47 ~~TOP [redacted]~~ UNCLASSIFIED

Chapter 19
Footnotes 46, 47.

C 0041
Poindexter
Casey
re: testimony

TRANSCRIPTION - Cassette # 3

18[redacted]November 1986

Grossmain(?), this is Central. Grossmain, go ahead. This is Central. I have Mr. Poindexter on the, uh, standing by on the other line. Um, stand by while I make the connection. Over. Roger, I'll get the DCI. Also, are the folks over at the White House fully briefed on the place to talk scenario? Go ahead. Ok. That I'm not sure of: I'll give him a quick rundown before I, I give him over to ya. Roger. The DCI is on his way in right now; it will be a couple of seconds. Ok. You have been connected. If you can, if you acknowledge that you are there for them. All right. Bill, Bill, this is John. Over. Are you, ok, you have to press the little star sign and you talk and then when you're finished you push the little pound sign. Ok, thank you. Bill, Bill, this is John. Over. Bill, Bill, this is John, John. Over. Um, stand by, sir, please stand by one moment. Over. Hello. (garble) Sir. Bill, this is John. Go ahead. Over. I'm just calling to uh see what's up. I gather that uh you'd like me to be home a day early or two days early. If I can (garble) to do that I've gotta duck my, cancel my [redacted] stop. I thought you might tell me what's up. Ok?

1365

Partially [illegible] on 29June1987
[illegible] 12356
By [illegible] Security Council

~~T O P S E C R E T~~ UNCLASSIFIED

Bill, Bill, this is John. Roger. Bill, it's just that, that I got to thinking about the hearing on Friday and the coordination that the two of us need to do and I just didn't think there would be enough time to do it with your coming in uh early Friday morning. So if you can get back on Thursday uh so we could meet Thursday afternoon,: I think it would be very useful so we make the best possible presentations on Friday, and try to lay as many of these questions to rest as we can. Over. Ok, John, I'll be back uh Mon, I'll be, I'll be back Thursday morning and uh I'd like whatever information you can collect in there. Ok? Over. This is John, Roger. We've been putting together all the chronologies and all the facts that we can lay our hands on, uh, and I'll be ready to talk to you any time on Thursday, but you probably would want to spend some time out at your place on Thursday morning, I guess. Over. (Garble - At such a time as you seem to be Thursday morning?) Bill, this' is John. I'd prefer to meet Thursday afternoon. That would give you an opportunity uh to spend some time out at the Agency in the morning and talk to Claire, you know who went up, uh I guess the staffers came out to him today, but that would give you some time to talk to them in the morning. Over.

[redacted]

UNCLASSIFIED ~~TOP SECRET~~

Are you going to have a lot of people at the meeting - uh State and uh Defense? Over. This is John. Uh, we could do it uh however you'd like. Uh, I want to, I'd like to spend some time just the two of us, uh but if the, Ed Meese indicated uh he'd, he should want to be helpful and so he would like to be in at least one of the meetings. Over. Ah, you, you set whatever time you'd like for us to get together and have a little talk ourselves, then I'll have, I'll handle a meeting any time you set it, and I'll be there and I'll see you then on Thursday. Over. This is John. Roger. I'll do that and thank you very much and I'll see you on Thursday. Over. This is (garble) Roger. Out.

Central, Central, this is Postman. We're clearing that (garble) and we're back to common. Thank you very much for that call. We're clearing that with the White House, Central. Thank you very much for the call.

UNCLASSIFIED ~~TOP SECRET~~

TOP SECRET UNCLASSIFIED N 5617
11/07/86
Chap
Foc 19-65

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1 : [[redacted]] [redacted]

① ~~Aug 30~~ ~~Sep~~: 508 TOW missiles delivered to Iran (Tabriz ?).

(A) → Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

② Nov 24 : Israel [redacted] deliver[redacted] 18 [redacted] HAWK missiles to Iran [redacted] [redacted].

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

③ ③ Feb 14 : U.S. delivers 1,000 TOWs to Iran via Israel. ([redacted])

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Return U.S. hostages.
-- End Iran-Iraq war.
-- Establish a correct relationship with Iran.

TOP SECRET
Declassify: OADR

UNCLASSIFIED

N 2055
12/4/86
167
L9.

Partially Declassified/Released on 5/7/87
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

May 23:	U.S. delivers 508 TOWs to Israel (replacements).
May 24:	[redacted]
May 25-27:	McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.
Jun 10:	Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.
Jul 26:	Father Jenco released.
⑤ Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
Sep 19-20:	Discussions in Washington with new Iranian intermediary.
Oct 03:	White House approves provision of intelligence to Iran [redacted].
Oct 06:	U.S. representatives meet Iranian representatives in Europe.
Oct 26:	Frankfurt meeting of U.S. and Iranian representatives.
⑥ Oct 29:	500 TOW missiles delivered to Iran from Israel.
Nov 02:	David Jacobsen released.
Nov 07:	500 TOW missiles delivered to Israel (replacements).

TOP SECRET UNCLASSIFIED 17 Nov 86 [redacted]
~~11/07/86~~

N 5619

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1 : [redacted] [redacted]

Sep 2 : 508 TOW missiles delivered to Iran (Tabriz ?).

Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 17-18 Meetings in London

Nov24 : Israel delivered 18 [redacted] HAWK missiles to Iran [redacted].

Dec 6-8 Meetings in London

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

Feb 5-7 Meetings - Geneva

Feb 19-2 London & Frankfurt

Feb 14 : U.S. delivers 1,000 TOWs to Iran via Israel. [redacted]

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Return U.S. hostages.
-- End Iran-Iraq war.
-- Establish a correct relationship with Iran.

TOP SECRET
Declassify: OADR UNCLASSIFIED

N 2054
12/4/86

[illegible] on 5/2/87

May 22-28	Meetings in London, Cyprus, & Tel Aviv.
May 23:	U.S. delivers 508 TOWs to Israel (replacements).
May 24:	[redacted]
May 25-27:	McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.
Jun 10:	Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.
Jul 26-28	Meetings in Frankfurt.
Jul 26:	Father Jenco released.
Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
Aug 6	Frankfurt meetings
Sep 19-20:	Discussions in Washington with new Iranian intermediary.
Sep. 22-23	Meetings in London.
Oct 03:	White House approves provision of intelligence to Iran [redacted].
Oct 5-7	Frankfurt meetings
Oct 06:	U.S. representatives meet Iranian representatives in Europe.
Oct 26:	Frankfurt meeting of U.S. and Iranian representatives.
Oct 27-28	Frankfurt meetings
Oct 29:	500 TOW missiles delivered to Iran from Israel.
Nov 02:	David Jacobsen released.
Nov 07:	500 TOW missiles delivered to Israel (replacments).

See Hearing Exhibit DTR-36

Chapter 19. Footnote 67

#58

TOP SECRET UNCLASSIFIED TOP SECRET November 12, 1986
(Maximum Version)

DRAFT N93131

Partially Declassified/Released 5 May 87 under provisions of E.O. 12356
Reger, National Security Council

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Even before President Reagan came to office the U.S. Government agreed to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. When the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public, radical elements in Tehran forced the ouster of the government. That episode has influenced subsequent Iranian willingness to be engaged in any direct contact with the USG.

Despite Iranian reluctance to enter into a relationship with the USG, our strategic interests in the Persian Gulf mandate persistent efforts on our part to try to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations.

Iran, the key to a region of vital importance to the U.S., is increasingly threatened by growing Soviet military and political influence along its borders and inside its country. The increasing desperation brought on by the costs of the Iran-Iraq war further exacerbates Iran's vulnerability to growing Soviet influence. Moreover, Soviet designs in Afghanistan and actual threats to Iran have made reopening a strategic dialogue increasingly important. [redacted]

19-67

Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] Despite U.S. willingness to proceed, none of these overtures have succeeded.

Various individuals and private parties have likewise attempted to be helpful as intermediaries in arranging the release of our citizens held hostage in Lebanon. [redacted]

CS 12/4/86

TOP SECRET
Declassify: OADR TOP SECRET DRAFT

[redacted]

In late 1984, the USG was approached by a representative of the Israeli government (David Kimche), suggesting that they had established a liaison relationship with an Iranian expatriate (Manucher Gorbanifar) in Europe who could serve as an intermediary in creating a direct contact. In addition to the strategic possibilities, this contact indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The USG encouraged the Israelis to proceed with this contact [illegible] determine whether or not it was valid. In December, [illegible] U.S. established an indirect contact with the Ira[illegible], the through a private U.S. citizen (Michael Lede[illegible]ian intermediary, Israeli official (Amiram Nir). [illegible]an) and a senior through the National S[illegible] [illegible]hese contacts were established ledge of appropri[illegible]ecurity Council staff with the full knowmeeting with [illegible]ce Cabinet officers. From the very first the [illegible] the Israelis and the Iranian, it was emphasized that [illegible] USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of State policy.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, the four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. Mr. Rafsanjani, in his speech on November 4, 1986 for the first publicly admitted his role in this [illegible] Again, this contact was conducted by the NSC [illegible] direction of [illegible]

In September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and advised that they intended to proceed, unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in their war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests. [illegible]

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. Shortly thereafter, the U.S. acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish our own strategic dialogue with the Iranian government.

Throughout the remainder of 1985, the USG maintained contact with the Iranian expatriate and held a number of meetings in Europe all of which included NSC and CIA representatives, in addition to the Israeli point of contact and the Iranian. Despite our efforts to convince the Iranians, through this channel to meet face-to-face with the Americans, they demured. [redacted] In December, 1985, the National Security Advisor met with Israeli officials and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and acting in concert against Soviet activities in the region.
- Using their influence over radical groups in Lebanon to bring about the release of the hostages.

In January, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The escalation of tensions with Libya, including the April strike, prevented further dialogue from taking place until the Iranians contacted the intermediary in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals.

On May 15, the President authorized a secret mission by former National Security Advisor McFarlane, accompanied by a CIA officer, members of the NSC staff, and the Israeli and Iranian interlocutors on a trip to Tehran. In order to ensure operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare parts). Despite promises of meetings with top-level Iranian officials, the McFarlane trip did not fully achieve its desired goals in that the Iranians did not produce top-level officials for the meetings.

Despite this shortcoming, lengthy meetings were held with mid-level Iranian officials during the four-day trip, the first direct contact between the two governments in over six years. McFarlane and his team were able to establish the basis for a further relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer [illegible]. Using the Presidentially approved Terms of Reference, which had been reviewed by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages were an obstacle to progress. The Iranians emphasized that the U.S. embargo on hardware paid for by the Shah was, for them, the most significant obstacle to improved relations.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interests in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint.

At this point, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In late September, discussions were initiated in Washington with this close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a strategic dialogue with Tehran. As a confidence-building measure, the United States provided limited intelligence to Iran so that it would contribute to ending the Iran-Iraq War.

Convinced of the seriousness of U.S. intentions, a series of meetings were held in Europe between U.S. and Iranian representatives. During these sessions, the U.S. side consistently presented the hostages as an osbtacle to more rapid progress. The Iranians, for their part, urged that we take a more active role in support for the Afghan resistance [redacted]

[redacted] The Iranians also proffered, and the U.S. accepted, the offer of a Soviet T-72 tank captured from Iraq. As a further demonstration of U.S. earnest, Israel provided Iran with an additional increment of defensive missiles on October 29.

[redacted] we know that moderate factions in Iran prevailed over more radical elements to use their influence over the Hizballah, enabling the November 2 release of David Jacobsen. Jacobsen's release was assisted by the efforts of Terry Waite, who was on-scene in Beirut when it occurred.

This entire process was interupted by the radical wing in late-October when it revealed the contact with the USG and the terms of the contact. The moderate political leaders now feel constrained to settle their internal political problems before proceeding with the budding relationship with the USG. The revelations in Tehran regarding the McFarlane mission are demonstrable evidence of the internal power struggle. The arrest of radical leader Mehdi Hashemi, a close confidant of Aytollah Montezari, for acts of terrorism and treason has exacerbated the internal conflict. Our problem with the hostages is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements.

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We believe that the September-October kidnappings of Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the itnernal Iranian power struggle. Further, Rafsanjani's speech on November 4 intentionally misrepresented a number of essential facts in order to preserve latitude for both parties. Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 1,008 TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding. All relevant Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of the Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

Chapter 19
Footnotes 68, 69

19-68+69 UNCLASSIFIED N 9368

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, the four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati intervened with the captors. Rafsanjani, in his speech on November 4, 1986 for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

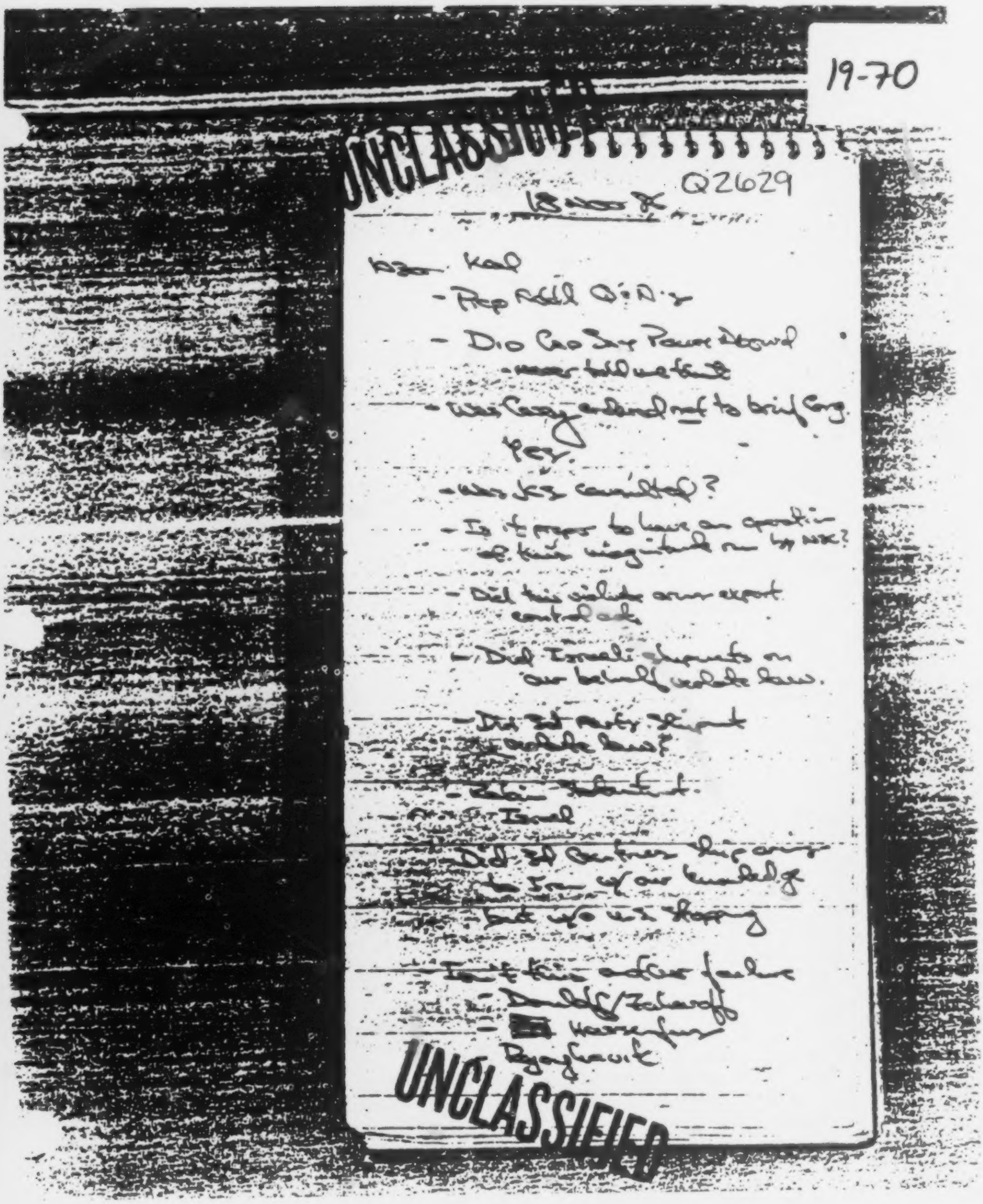
On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesed in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place by the end of August, though we were not aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers.

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

UNCLASSIFIED

Chapter 19, Footnote 70



19-70

UNCLASSIFIED

Q2629

13 Nov 86

[illegible] Karl
- Prep Redd Q's A's
- Did Cap Say Powell Abroad
  - never told me facts
- Was Casey ordered not to brief Cong.
  Key.
- Was JCS consulted?
- Is it proper to have an operation of this magnitude run by NSC?
- Did this violate arms export control act
- Did Israeli shipments on our behalf violate law.
- Did 3d party shipment violate law?
- Rabin Involvement.
- [illegible] Israel
- Did 3d Countries [illegible] the Iran w/ our knowledge
- But w/o U.S. Shipping
- Isn't this another failure
  - Daniloff/Zakharoff
  - [redacted] Hasenfus
  Reykjavik

UNCLASSIFIED

See Hearing Exhibit 95A

Chapter 19, Footnotes 73, 80

From: NSRCM --CPUA **UNCLASSIFIED** [illegible] and time 11/18/86 23:07:07
To: NSCLN --CPUA

19-73

-- [redacted] -

NOTE FROM: **ROBERT MCFARLANE**
Subject: Chronology
*** Forwarding note from NSRCM --CPUA 11/18/86 23:06 ***
To: NSJMP --CPUA- JOHN M. POINDEXTER

-- [redacted]

Partially Declassified/Released on 4 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

NOTE FROM: ROBERT MCFARLANE
SUBJECT: **Chronology**

I have just finished reading the chronology. Much of it is coming to me for the first time--primarily the material on what went on between Jan-May'86--and I am not really able to comment on how to deal with that.

It seems to me that I ought to limit my input to what I recall from my involvement before Jan '86 and then from the May meeting. In that context, I would recommend deleting all material starting on the 11/17 (2000) version at page three, penultimate para (i.e. In 1985, a private...) down through the third para on the following page (ending with...strategic dialogue with the Iranian government.) and replace with the following.

"In July of 1985, during a visit to Washington, an Israeli diplomat advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high level dialogue with them. The Iranians were described as comprising the principal figures of the government (i.e.Speaker of the Majlis Rafsanjani and Prime Minister Musavi) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli diplomat as to why he found the Iranian proposal credible, given the events of the past 6 years. He replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks (i.e. by exposure of themselves in meetings with Israelis to compromise as well as by the tranfer of extremely sensitive intelligence on the situation (and political lineup) within Iran; information which was proven valid).

The Israeli asked for our position on agreeing to open such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This was conveyed back to the Israeli diplomat.

Within days the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position and that the Iranians had responded that recognizing the need for both sides to have tangible evidence of the bona fides of the other, that from their side they wanted us to know that they believed they could affect the release of the Americans held hostage in Lebanon.

1489

As a separate matter the Iranians stated that they were vulnerable as a group and before having any prospect of [illegible] affect change within Iran they

UNCLASSIFIED

would need to be substantially strengthened. To do [illegible] they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of US equipment. The Israeli asked for our position toward such actions.

Mr McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that while he could understand that, assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tangible material, that at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military material. This was conveyed to the Israeli.

Within days (mid August) the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the US government would be to an Israeli transfer of modest quantities of material. McFarlane replied that to him, that would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the US but that a problem would arise when ultimately they needed to replace items shipped. He asked whether at that time Israel would be able to purchase replacement parts. McFarlane stated that again, the issue was not the ability of Israel to purchase military equipment from the US--they had done so for a generation and would do so in the future--but rather the issue was whether it was US policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the DCI). Again the President stated that while he could imagine the day coming when we might choose to support such elements with material, he could not approve any transfer of military material at that time. This position was conveyed to the Israeli diplomat.

On September 14,1985, Reverend Benjamin Weir...(continue as written on page 4)

(At end of para, insert the following) We subsequently learned that in late August the Israelis had transferred 508 TOW missiles to Iran. Later in the fall, other transfers of equipment were made between Israel and Iran although some of the items were returned to Israel. McFarlane conveyed these reports to the President who directed that we insist on a direct meeting with the Iranian interlocutors while expressing our positon against further arms transfers. A meeting was arranged to take place in London in early December. The President instructed McFarlane to represent the US at the meeting and to make two basic points: 1. That the US was open to a political dialogue with Iran; but that no such dialogue could make progress for as long as groups seen as dominated by Iran held US hostages, and 2. That we could under no circumstances transfer arms to Iran in exchange for hostages. These points were made to the Iranian interlocutor. He replied that unless his circle of associates were strengthened they could not risk going ahead with the exchanges.Mr. McFarlane acknowledged the position but stated we could not change our position and returned to Washington. He debriefed the President and appropriate Cabinet officers, recommending that no further action be pursued. He then left the government.

(Note: Enter at the appropriate place, the following account of RCM's involvement in the May meeting.)

In April, Mr McFarlane was contacted and / advised that further staff-level contacts had been pursued since he had left government that had led to an

UNCLASSIFIED

arrangement for the release of the remaining hostages. He was asked whether he would be prepared to meet with Iranian officials to open the political dialogue. He agreed to do so and traveled to Iran in late May to do so. (Then pick up with existing text).

cc: NSAGK [illegible]-CPUA ALTON G. KEEL

UNCLASSIFIED

One page denied in its entirety.

UNCLASSIFIED

19-74

See Hearing Exhibit Singlaub-7

~~TOP SECRET~~

UNCLASSIFIED

(Historical Chronology)

Chapter 19
Footnote

19-74

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in this critical part of the world and reconstruct a working relationship. Even before President Reagan came to office the U.S. Government agreed to try to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. In the fall of 1979, the U.S. undertook three secret missions to Tehran:

-- September 1979 - [redacted] (met secretly with Bazargan at the request of the Iranians)

-- October 1979 - [redacted]

-- October-November 1979 - [redacted] (discussed normalization of relations)

When these meetings and the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public in Iran, they helped precipitate the takeover of the U.S. Embassy by radical elements and led to the resignation of the Bazargan government. These events have adversely influenced Iran's subsequent willingness to engage in any direct contact with the USG.

Despite mutual difficulties involved in re-establishing normal relations, our strategic interests in the Persian Gulf mandate persistent efforts to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran is the key to a region of vital importance to the West, yet it is increasingly threatened by growing Soviet military power and political influence along its borders and inside its territory. Over the course of the last two years, the Soviets and their surrogates have moved actively to gain greater influence in the Gulf:

-- The Soviets believe that once Khomeini dies, they will have an excellent opportunity to influence the formation of a government in Tehran that serves Soviet strategic interests in the area.

~~TOP SECRET~~

1174

~~TOP SECRET~~
Declassify: OADR

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

-- Communist nations have become the principal arms suppliers to Iran -- making Iran dependent on this source of supply in contending with an increasingly strengthened Iraq. This leads us to the conclusion that the Soviets may well be attempting to pursue their own revolution in Iran. That is, by fueling both sides in the conflict, the Soviets could well encourage a disastrous "final offensive" by Iran that would precipitate a political disintegration in Iran, leaving a power vacuum which the Soviets could exploit. Specifically, the indicators of Communist influence in Iran are:

[redacted]

The increasing desperation brought on by the costs of the Iran-Iraq war has exacerbated Iran's vulnerability to Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran from Afghanistan have made reopening a strategic dialogue increasingly important.

19-74

See Hearing Exhibit OLN-24

TOP SECRET UNCLASSIFIED N 5617
11/07/86
Chai
Fox 19-75

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1 : [redacted] [redacted]

① ~~Sep~~ Aug 30: 50[illegible] TOW missiles delivered to Iran (Tabriz ?).

(A) → Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

② Nov24 : Israel [redacted] delivers 18 [redacted] HAWK missiles to Iran [redacted] [redacted].

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

③ ④ Feb 14 : U.S. delivers 1,000 TOWs to Iran via Israel. [redacted]

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

- Return U.S. hostages.
- End Iran-Iraq war.
- Establish a correct relationship with Iran.

TOP SECRET
Declassify: OADR

UNCLASSIFIED

N 2055
12/4/86
K7
29.

Partially Declassified/Released on 5/7/87
under provisions of E.O. 12356
Reger, National Security Council

UNCLASSIFIED

N 5618

TOP SECRET

	May 23:	U.S. delivers 508 TOWs to Israel (replacements).
	May 24:	[redacted]
	May 25-27:	McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.
	Jun 10:	Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.
	Jul 26:	Father Jenco released.
⑤	Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
	Sep 19-20:	Discussions in Washington with new Iranian intermediary.
	Oct 03:	White House approves provision of intelligence to Iran [redacted]
	Oct 06:	U.S. representatives meet Iranian representatives in Europe.
	Oct 26:	Frankfurt meeting of U.S. and Iranian representatives.
[illegible]	Oct 29:	500 TOW missiles delivered to Iran from Israel.
	Nov 02:	David Jacobsen released.
	Nov 07:	500 TOW missiles delivered to Israel (replacements).

TOP SECRET

UNCLASSIFIED

TOP SECRET UNCLASSIFIED

17 Nov 86 [redacted]
11/07/86

N 5619

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggests to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar is introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Last known instance of Iranian-supported terrorism against U.S. nationals.

Sep 1 : [redacted] [redacted]

Sep 2 : 508 TOW missiles delivered to Iran (Tabriz ?).

Sep 14: Reverend Benjamin Weir released.

Oct 03: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 17-18 Meetings ~~[illegible]~~ London

Nov 24 : Israel deliver[illegible] 18 [redacted] HAWK missiles to Iran [redacted].

Dec 6-8 Meetings in London

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 23: Nir became primary Israeli POC.

1986

Jan 06: Presidential Finding on Iran.

Feb 5-7 Meetings in Geneva

Feb 19-21 London & Frankfurt

Feb 14 : U.S. delivers 1,000 TOWs to Iran via Israel. ([redacted]

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for...

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

- -- Return U.S. hostages.
- -- End Iran-Iraq war.
- -- Establish a correct relationship with Iran.

N 2054
12/4/86
11:4
L9:

TOP SECRET
Declassify: OADR

UNCLASSIFIED

[illegible] released on 5/2/87

May 22-28	Meetings in London, Cyprus, & Tel Aviv.
May 23:	U.S. delivers 508 TOWs to Israel (replacements).
May 24:	[redacted]
May 25-27:	McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.
Jun 10:	Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.
Jul 26-28	Meetings in Frankfurt.
Jul 26:	Father Jenco released.
Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
Aug 6	Frankfurt meetings
Sep 19-20:	Discussions in Washington with new Iranian intermediary.
Sep. 22-23	Meetings in London.
Oct 03:	White House approves provision of intelligence to Iran [redacted] .
Oct 5-7	Frankfurt meetings
Oct 06:	U.S. representatives meet Iranian representatives in Europe.
Oct 26:	Frankfurt meeting of U.S. and Iranian representatives.
Oct 27-28	Frankfurt meetings
Oct 29:	500 TOW missiles delivered to Iran from Israel.
Nov 02:	David Jacobsen released.
Nov 07:	500 TOW missiles delivered to Israel (replacments).

TOP SECRET UNCLASSIFIED N 5577
11/13/86 0100
(Maximum Version)

Chapter 1C
Footnote 19-76

U.S./IRANIAN CONTACTS AND THE AMERICAN HOSTAGES

From the earliest months following the Islamic revolution in Iran, the U.S. Government has attempted to reestablish official contact with that government in order to discuss strategic developments in that critical part of the world and to try and reestablish a constructive working relationship. Even before President Reagan came to office the U.S. Government agreed to expand security, economic, political, and intelligence relationships at a pace acceptable to Tehran. When the secret November 1, 1979 meeting in Algiers, between Brzezinski and Prime Minister Bazargan, became public, radical elements in Tehran forced the ouster of the Bazargan government. That episode has influenced subsequent Iranian willingness to engage in any direct contact with the USG.

Despite Iranian reluctance to enter into a relationship with the USG, our strategic interests in the Persian Gulf mandate persistent efforts on our part to try to establish a dialogue. In this regard, it is notable that only a few major countries do not have relations with Iran -- Egypt, Jordan, Morocco, Israel, South Africa, and the United States. Even Iraq continues to have diplomatic relations with Iran.

Iran, the key to a region of vital importance to the ~~U.S~~ West., is increasingly threatened by growing Soviet military and political influence along its borders and inside its country. The increasing desperation brought on by the costs of the Iran-Iraq war further exacerbates Iran's vulnerability to growing Soviet influence. Moreover, Soviet designs in Afghanistan, pressure on Pakistan, and actual crossborder strikes in Iran have made reopening a strategic dialogue increasingly important. [redacted] ?

Since 1983, various countries have made overtures to the U.S. and Iran in an effort to stimulate direct contact. [redacted] Despite U.S. willingness to proceed, none of these overtures have succeeded.

Numerous individuals and private parties have likewise attempted to be helpful as intermediaries in arranging the release of our citizens held hostage in Lebanon. [redacted]

TOP SECRET UNCLASSIFIED
Declassify: OADR

N 2047
12/4/86
to KY

[redacted]

In 1985, a private American citizen was approached by a representative of the Israeli government, who reported that they had established a liaison relationship with an Iranian expatriate in Europe who sought Israeli help in establishing contact with the U.S. Government. In acknowledging the need to demonstrate the bonafides of the officials involved, he indicated that his "sponsors" in Tehran could also help to resolve the American hostage situation in Beirut.

The Israelis analyzed this intermediary's background exhaustively in order to validate his legitimacy. This analysis led them to have extremely high confidence in his standing and genuine relationship to the highest Iranian officials. Based largely upon the Israeli evaluation and in recognition of the clear U.S. interest in a dialogue that might, over time, lead to the moderation of Iranian policies, in 1985, the U.S. established an indirect contact with the Iranian intermediary, through the private U.S. citizen and a senior Israeli official. These contacts were established through the National Security Council staff with the full knowledge of appropriate Cabinet officers. From the very first meeting with the Israelis and the Iranian, it was emphasized that the USG could not proceed with direct contact unless Iran renounced terrorism as an instrument of State policy.

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, the four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. Speaker of the Majlis, Rafsanjani, in his speech on November 4, 1986 for the first time publicly acknowledged his role in this matter.

In September of 1985, the Israelis advised that they were close to achieving a breakthrough on the hostage situation and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted] ~~Shortly after Reverend Weir's release,~~ the U.S. acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit the existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

Throughout the remainder of 1985, the USG maintained contact with the Iranian expatriate. A number of meetings were conducted in Europe including NSC, CIA, Israeli, and Iranian representatives. From the outset, the U.S. side sought to arrange a direct meeting with high-level Iranian officials. In December, 1985, the National Security Advisor met with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows: ?

- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

He made clear that any such dialogue could not develop without the prior release of U.S. hostages. He also made clear that we could not engage in trading arms for hostages.

In January, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. The escalation of tensions with Libya, including the April 14 strike, prevented further dialogue from taking place until the Iranians contacted the intermediary (Gorbanifar) in late April, 1986. At that point, the Iranian expatriate advised us that the leadership in Tehran was prepared to commence a secret dialogue with the United States along the lines of our established goals. We believe that the Iranians were stimulated to renew the contact by the murder of hostage Peter Kilburn [redacted] allegedly in retaliation for the U.S. raid on Libya. The Iranian expatriate told the NSC and CIA officers, who met with him, that the Iranians did not wish to be accused of any culpability in Kilburn's death. ?

On May 15, the President authorized a secret mission to Tehran by former National Security Advisor McFarlane, accompanied by a CIA officer, members of the NSC staff, and the Israeli and Iranian interlocutors. In order to ensure operational security, the trip was made from Israel, coincident with the delivery of a pallet of spare parts for Iranian defensive weapons systems (HAWK spare parts). At the specific of Iran, alias foreign documentation was obtained from the CIA.

In the course of this four-day visit, lengthy meetings were held with high-level Iranian officials, the first direct contact between the two governments in over six years. Mr. McFarlane and his team were able to establish the basis for a further relationship and clearly articulate our objectives, concerns, and intentions. The group was also able to assess first hand the internal political dynamic in Tehran and the effect of the war which Iran clearly can no longer win. Using Presidentially approved Terms of Reference, which had been reviewed and approved by appropriate Cabinet officers, McFarlane emphasized that our interest in Iran transcended the hostages, but the continued detention of hostages by a Lebanese group philosophically aligned with Iran prevented progress. During the visit, Mr. McFarlane made clear:

-- that we fundamentally opposed Iranian efforts to expel us from the Middle East;

-- that we firmly opposed their use of terrorism;

-- that we accepted their revolution and did not seek to reverse it;

-- that we had numerous other disagreements involving regional policies (i.e., Lebanon, Nicaragua, etc.), but might also find areas of common interest (i.e., Afghanistan) through dialogue.

The Iranians emphasized that the U.S. embargo on hardware paid for by the Shah was, for them, the most significant deterrent to improved relations. Mr. McFarlane concluded the visit by summarizing that notwithstanding Iranian interest in carrying on with the dialogue, we could not proceed in light of their failure to exert their influence to cause the release of the hostages.

On June 10, Majlis Speaker Rafsanjani, in a speech in Tehran made guarded reference to Iranian interest in improved relations with the U.S. On July 26, Father Lawrence Jenco was released in the Bekka Valley and found his way to a Syrian military checkpoint. On August 3, a planeload of electronic parts for Iranian anti-aircraft defenses (HAWK missile sub-components) arrived in Bendar Abbaas (from Israel).

? (1/2 6[illegible]

Small

In early August, the contact with the Iranian expatriate began to focus exclusively on the willingness of the USG to provide military assistance to Iran in exchange for hostages and we sought to establish different channels of communication which would lead us more directly to pragmatic and moderate elements in the Iranian hierarachy. In mid-August, a private American citizen (MGEN Richard Secord, USAF [Ret.]) acting within the purview of the January Covert Action Finding, made contact in Europe with a relative [redacted] of a senior Iranian official (Rafsanjani). In early September, discussions were initiated in Washington with this close confidant of the man judged to be the most influential and pragmatic political figure in Iran (Rafsanjani). These discussions reaffirmed the basic objectives of the U.S. in seeking a political dialogue with Tehran. We also provided intelligence designed to discourage an Iranian offensive and contribute to an Iranian decision to negotiate an end to the war. //

Through August, September, and October, further meetings were held in Europe between U.S. and Iranian representatives. During these sessions, the U.S. side consistently insisted that the release of the hostages was a pre-requisite to any progress. The Iranians, for their part, urged that we take a more active role [redacted] The Iranians also proffered, and the U.S. accepted, ~~the offer of~~ a Soviet T-72 tank [redacted]. As a further demonstration of U.S. good faith, Israel provided Iran with an additional increment (500 TOW missiles) of these ~~defensive~~ weapons on October 29. we appear to take [illegible]

Soon thereafter, the moderate faction in Iran prevailed over more radical elements to use their influence over the Hizballah, enabling the November 2 release of David Jacobsen. Jacobsen's release was assisted by the efforts of Terry Waite, who was on-scene in Beirut when it occurred.

The persistent U.S. effort to establish contact with Iran has intensified a power struggle in Iran between moderate elements (led by Rafsanjani) and more radical factions (under the overall sponsorship of Ayatollah Montazeri). In late October, radical supporters (of Montazeri) revealed the (Rafsanjani) contact with the USG and the terms of the contact. In order to defend himself against charges of colluding with the USG and to preserve a degree of latitude for both parties, Majlis Speaker Rafsanjani provided a highly fabricated version of the McFarlane mission in his November 4 address to the masses. Moderate Iranian political leaders now feel constrained to settle their internal political problems before proceeding with the U.S. relationship. The

ADD MORE DATA ON [illegible] MOVE IN

and Son-in-law

Oct 86

revelations in Tehran regarding the McFarlane mission ~~are~~ demonstrable evidence of the internal power struggle. The arrest of radical leader Mehdi Hashemi, a close confidant of Aytollah Montezari, for acts of terrorism and treason has further exacerbated the internal conflict. Resolution of the Lebanon hostage situation is also complicated by waning Iranian influence in Lebanon due in part to financial constraints and the fact that the Libyans are expanding their contacts with more radical Hizballah elements. Despite these difficulties, the Iranians have maintained direct contact with the USG. U.S. (CIA and NSC) and Iranian government representatives met in Germany on November 5-7 and again in Geneva on November 9-10. [redacted]

More detail

Iranian

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S.* Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 1,008 TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding. The weapons and materiel provided under this program are in no way adequate to alter the balance of military power nor the outcome of the war with Iraq. They have, however, had a positive effect on the Afghan resistance and demonstrated the U.S. commitment to Iranian territorial integrity.

All appropriate Cabinet Officers have been apprised throughout. The Congress was not briefed on the covert action Finding due to the extraordinary sensitivity of our Iranian contacts and the potential consequences for our strategic position in Southwest Asia. Finally, our efforts to achieve the release of the hostages in Lebanon must continue to rely on discreet contacts and intermediaries who cannot perform if they are revealed.

IAW statute

* **Note**: We believe that the September-October kidnappings of Messers. Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the moderate faction with which we have been in contact. [redacted] Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapproachment with Iran we are seeking.

UNCLASSIFIED TOP SECRET

Chapter 19, Footnote 77

TOP SECRET

N 8254 19-77

In June of 1985, in the midst of the TWA-847 hijacking, the Israeli officials in direct contact with the Iranian expatriate asked him to use his influence with senior Iranian officials to obtain the release of the hijacked passengers. Two days after this approach, four Americans held separately from the rest of the hijacked passengers were freed and turned over to Syrian authorities. [redacted] Majlis Speaker Rafsanjani, who was travelling in the mid-east at the time, and Iranian Foreign Minister Velayati both intervened with the captors. Rafsanjani, in his speech on November 4, 1986, for the first time publicly acknowledged his role in this matter. [redacted]

In September of 1985, the Israelis advised that they were close to achieving a breakthrough in their contact with Iran and would proceed unless we objected. It is important to note that the U.S. had long been aware of Israeli efforts to maintain discreet contact with Iran and to provide Iran with assistance in its war with Iraq. Despite long-term U.S. efforts to convince the Israelis to desist, Israel continued to provide limited military and industrial technology to Iran. The USG judged that the Israelis would persist in these secret deliveries, despite our objections, because they believed it to be in their strategic interests.

On August 22, 1985, the U.S., through the U.S. citizen intermediary, acquiesced in an Israeli delivery of military supplies (508 TOWs) to Tehran. We were subsequently informed that the delivery had taken place at the end of August, though we were not aware of the shipment at the time it was made. U.S. acquiescence in this Israeli operation was based on a decision at the highest level to exploit existing Israeli channels with Tehran in an effort to establish an American strategic dialogue with the Iranian government.

On September 14, 1985, Reverend Benjamin Weir was released in Beirut by the Islamic Jihad Organization. This release was preceded by an intense effort on the part of Mr. Terry Waite, the Special Emissary of the Archbishop of Canterbury. To this date, Mr. Waite remains the only Westerner to ever meet directly with the Lebanese kidnappers. [redacted]

On October 4, 1985, Islamic Jihad announced that it had "executed" Beirut Station Chief William Buckley in retaliation for the October 1 Israeli air raid on PLO installations in Tunis. This announcement led to a series of meetings in Europe among the U.S. (CIA and NSC), Israeli, and Iranian intermediaries. In these meetings, the Iranians indicated that, while their ability to influence the Hizballah was waning, the Hizballah had not killed

E-115 12/19/86

TOP SECRET

UNCLASSIFIED TOP SECRET

~~TOP SECRET~~ UNCLASSIFIED

N 8255

Buckley; he had in fact died several months earlier of natural causes. We have since substantiated this information in debriefs of Father Jenco and David Jacobsen, both of whom indicate that Buckley probably died on June 3, 1985 of pneumonia-like symptoms.

In late November 1985, the Israelis, responding to urgent entreaties from the Iranians, provided 18 [redacted] HAWK missiles to Iran in order to improve the static defenses around Tehran. The Israeli delivery of HAWK missiles raised U.S. concerns that we could well be creating misunderstandings in Tehran and thereby jeopardizing our objective of arranging a direct meeting with high-level Iranian officials. By mutual agreement of all three parties, these missiles were subsequently returned to Israel in February 1986. On December 6-8, 1985, the National Security Advisor met (in London) with the Israeli official and the Iranian contact to make clear the nature of our interest in a dialogue with Iran. At this meeting, Mr. McFarlane stated that our goals were as follows:

- Devising a formula for re-establishing a strategic relationship with Tehran.
- Ending the Iran-Iraq War on honorable terms.
- Convincing Iran to cease its support for terrorism and radical subversion.
- Helping ensure the territorial integrity of Iran and coordinating ways in which we might counter Soviet activities in the region.

Mr. McFarlane made clear that a Western dialogue with Iran would be precluded unless Iran were willing to use its influence to achieve the release of Western hostages in Beirut. He also made clear that we could not and would not engage in trading arms for hostages.

On January 17, 1986, the President approved a covert action Finding directing that the intelligence community proceed with special activities aimed at accomplishing the goals set forth above. In accord with extant statutes, the President directed that the Director of Central Intelligence refrain from reporting the Finding to the appropriate committees of the Congress until reasonably sure that the lives of those carrying out the operation (both U.S. and foreign) would not be in jeopardy.

On February 5-7, U.S. officials (NSC and CIA [[redacted]]), a representative of the Israeli Prime Ministry (Amiram Nir), and a senior-level Iranian official [[redacted]]

~~TOP SECRET~~ UNCLASSIFIED

E 116
12/17/86

19-77

See Hearing Exhibits OLN-19 and JMP-95

19-78

See Hearing Exhibits OLN-20 and JMP-96

Chapter 19, Footnotes 73, 80

From: NSRCM --CPUA **UNCLASSIFIED** and time 11/18/86 23:07:07
To: NSCLN --CPUA

-- [redacted] -

19-80

NOTE FROM: **ROBERT MCFARLANE**
Subject: Chronology
*** Forwarding note from NSRCM --CPUA 11/18/86 23:06 ***
To: NSJMP --CPUA JOHN M. POINDEXTER

Partially Declassified/Released on 6 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

-- [redacted]

NOTE FROM: ROBERT MCFARLANE
SUBJECT: **Chronology**

I have just finished reading the chronology. Much of it is coming to me for the first time--primarily the material on what went on between Jan-May'86--and I am not really able to comment on how to deal with that.

It seems to me that I ought to limit my input to what I recall from my involvement before Jan '86 and then from the May meeting. In that context, I would recommend deleting all material starting on the 11/17 (2000) version at page three, penultimate para (i.e. In 1985, a private...) down through the third para on the following page (ending with...strategic dialogue with the Iranian government.) and replace with the following.

"In July of 1985, during a visit to Washington, an Israeli diplomat advised National Security Advisor, Robert McFarlane, that Israel had established a channel of communication with authoritative elements in Iran who were interested in determining whether the United States was open to a discreet, high level dialogue with them. The Iranians were described as comprising the principal figures of the government (i.e.Speaker of the Majlis Rafsanjani and Prime Minister Musavi) and as being devoted to a reorientation of Iranian policy.

At this first meeting, McFarlane went to great length to draw out the Israeli diplomat as to why he found the Iranian proposal credible, given the events of the past 6 years. He replied that their exhaustive analysis had gone beyond the surface logic deriving from the chaos and decline within Iran and the degenerative effects of the war, to more concrete tests of the willingness of the Iranians to take personal risks (i.e. by exposure of themselves in meetings with Israelis to compromise as well as by the tranfer of extremely sensitive intelligence on the situation (and political lineup) within Iran; information which was proven valid).

The Israeli asked for our position on agreeing to open such a dialogue. No mention was made of any pre-conditions or Iranian priorities. McFarlane conveyed this proposal to the President (in the presence of the Chief of Staff). The President said that he believed such a dialogue would be worthwhile at least to the point of determining the validity of the interlocutors. This was conveyed back to the Israeli diplomat.

Within days the Israeli called again on McFarlane. At this meeting, he stated that he had conveyed our position and that the Iranians had responded that recognizing the need for both sides to have tangible evidence of the bona fides of the other, that from their side they wanted us to know that they believed they could affect the release of the Americans held hostage in Lebanon.

1489

As a separate matter the Iranians stated that they were vulnerable as a group and before having any prospect of [illegible] affect change within Iran they

UNCLASSIFIED

UNCLASSIFIED

would need to be substantiall[illegible] they would need to secure the cooperation of military and/or Revolutionary Guard leaders. Toward this end, they expressed the view that the most credible demonstration of their influence and abilities would be to secure limited amounts of US equipment. The Israeli asked for our position toward such actions.

Mr McFarlane elevated this proposition to the President at a meeting within days that included the Secretaries of State and Defense and the Director of Central Intelligence. The President stated that while he could understand that, assuming the legitimacy of the interlocutors, they would be quite vulnerable and ultimately might deserve our support to include tangible material, that at the time, without any first hand experience in dealing with them, he could not authorize any transfers of military material. This was conveyed to the Israeli.

Within days (mid August) the Israeli diplomat called once more to report that the message had been conveyed and that an impasse of confidence existed. He asked what the position of the US government would be to an Israeli transfer of modest quantities of material. McFarlane replied that to him, that would represent a distinction without a difference. The Israeli diplomat explained at great length that Israel had its own policy interests that would be served by fostering such a dialogue in behalf of the US but that a problem would arise when ultimately they needed to replace items shipped. He asked whether at that time Israel would be able to purchase replacement parts. McFarlane stated that again, the issue was not the ability of Israel to purchase military equipment from the US--they had done so for a generation and would do so in the future--but rather the issue was whether it was US policy to ship or allow others to ship military equipment to Iran. The Israeli asked for a position from our government. McFarlane elevated the question to the President (and to the Secretaries of State and Defense and the DCI). Again the President stated that while he could imagine the day coming when we might choose to support such elements with material, he could not approve any transfer of military material at that time. This position was conveyed to the Israeli diplomat.

On September 14,1985, Reverend Benjamin Weir...(continue as written on page 4)

(At end of para, insert the following) We subsequently learned that in late August the Israelis had transferred 508 TOW missiles to Iran. Later in the fall, other transfers of equipment were made between Israel and Iran although some of the items were returned to Israel. McFarlane conveyed these reports to the President who directed that we insist on a direct meeting with the Iranian interlocutors while expressing our positon against further arms transfers. A meeting was arranged to take place in London in early December. The President instructed McFarlane to represent the US at the meeting and to make two basic points: 1. That the US was open to a political dialogue with Iran; but that no such dialogue could make progress for as long as groups seen as dominated by Iran held US hostages, and 2. That we could under no circumstances transfer arms to Iran in exchange for hostages. These points were made to the Iranian interlocutor. He replied that unless his circle of associates were strengthened they could not risk going ahead with the exchanges.Mr. McFarlane acknowledged the position but stated we could not change our position and returned to Washington. He debriefed the President and appropriate Cabinet officers, recommending that no further action be pursued. He then left the government.

(Note: Enter at the appropriate place, the following account of RCM's involvement in the May meeting.)

In April, Mr McFarlane was contacted and advised that further staff-level contacts had been pursued since he had left government that had led to an

UNCLASSIFIED

arrangement for the release of the remaining hostages. He was asked whether he would be prepared to meet with Iranian officials to open the political dialogue. He agreed to do so and traveled to Iran in late May to do so. (Then pick up with existing text).

cc: NSAGK [illegible]-CPUA ALTON G. KEEL

UNCLASSIFIED

One page denied in its entirety.

UNCLASSIFIED

N 5667

TOP SECRET

November 18, 1986

Chapter Footnote 19-82

CHRONOLOGY OF EVENTS: U.S.-Iran Dialogue

1984

Michael Ledeen suggested to the NSC that Israeli contacts may be useful in obtaining release of the U.S. hostages in Lebanon. Ghorbanifar was introduced to Ledeen and the NSC as an Iranian intermediary.

1985

Feb 14: Jeremy Levin escaped.

Jun 14: TWA-847 hijacking. Iranian government officials, contacted by Israelis and Ghorbanifar, help in obtaining the release of four Americans held separately from the rest of the hijacked passengers. Last known instance of Iranian influenced group perpetrating terrorism against U.S. nationals.

Aug 30: 508 TOW missiles delivered to Iran from Israel.

Sep 01: [redacted]

Sep 14: Reverend Benjamin Weir released.

Oct 04: Islamic Jihad claimed it murdered U.S. hostage William Buckley in retaliation for Israeli raids in Tunis.

Nov 17-18: Meetings in London with Waite and Ghorbanifar.

Nov 24: Israel delivers 18 HAWK missiles to Iran [redacted]

Dec 06-08: Meeting in London with....

Dec 20: Hostage Locating Task Force (HLTF) formed at CIA.

Dec 22: Ghorbanifar to U.S. for talks with U.S. officials.

Dec 23: Nir became primary Israeli POC.

7 May 1987

N2062
12(4(E
167
L9

TOP SECRET
Declassify: OADR

UNCLASSIFIED

1986

Jan 06: Presidential Finding on Iran.

Feb 05-07: Meetings in Geneva with Nir and Ghorbanifar (CIA and NSC).

Feb 19-21: Meetings in London and Frankfurt (Ghorbanifar [redacted] [redacted]

Feb
- Return of HAWKS to Israel
- Peres letter

Feb 14: U.S. delivers 1,000 TOWs to Israel.

Feb 20-21: 1,000 TOWs delivered to Tehran from Israel.

Apr 17: U.S. hostage Peter Kilburn murdered in retaliation for U.S. raid on Libya.

Apr 22: Ghorbanifar arrested in Switzerland for indebtness apparently related to the FBI sting of arms sales to Iran by private citizens from the U.S., Germany, and Israel.

May 09: Planning meeting at CIA.

May 15: Terms of Reference (TOR) approved for establishing a strategic dialogue with Iran. U.S. objectives:

-- Establish a correct relationship with Iran.
-- End Iran-Iraq war.
-- Return U.S. hostages.

May 22-28: Meetings in London ([redacted]) Cyprus ([redacted]) and Tel Aviv (Nir and Rabin).

May 23: U.S. delivers 508 TOWs to Israel (replacements).

May 24: [redacted]

May 25-27: McFarlane party to Tehran. Some of the 240 HAWK missile parts accompany the party.

Jun 10: Rafsanjani news conference containing possible "signal" that Iran wanted improved relations with the U.S.

Jun 30-Jul 02: Ghorbanifar in U.S. for discussions with CIA and NSC.

Jul 26-28:	Meetings in Frankfurt (Ghorbanifar, Nir, NSC, and CIA).
Jul 26:	Father Jenco released.
Aug 03:	Remainder of 240 HAWK missile parts delivered to Tehran.
Aug 06:	Frankfurt meetings.
Aug 10:	Initial contacts with [redacted] in Madrid and London.
Sep 19-20:	Discussions in Washington with new Iranian intermediary (NSC and CIA).
Sep 22-23:	Meetings in London (CIA, NSC with Nir).
Oct 03:	White House approves provision of intelligence to Iran [redacted]
Oct 05-07:	Frankfurt meetings (CIA, NSC [redacted].
Oct 26-28:	Frankfurt (Mainz) meetings of U.S. and Iranian representatives (CIA, NSC, Israeli rep [Nir], and [redacted].
Oct 29:	500 TOW missiles delivered to Iran from Israel.
Nov 02:	David Jacobsen released.
Nov 05-07:	Meetings in Geneva with [redacted] (NSC and CIA).
Nov 07:	500 TOW missiles delivered to Israel (replacements).

UNCLASSIFIED

N 5679

Chapter Footnote 19-83

[redacted] Despite these internal difficulties and attendant publicity in the Western media, the Iranians continue to maintain direct contact with the USG and met again in Geneva on November 9-10 with NSC and CIA representatives. [redacted]

It is important to note that since the initiation of the USG contact with Iran there has been no evidence of Iranian government complicity in acts of terrorism against the U.S. We believe that the September-October kidnappings of Messers. Reed, Cicippio, and Tracy were undertaken in an effort to undermine the nascent U.S.-Iranian strategic dialogue and exacerbate the internal Iranian power struggle against the moderate faction with which we have been in contact. [redacted] Contrary to speculative reports that these hostages were taken in order to stimulate the acquisition of more arms, they were most likely captured in order to prevent the very rapproachment with Iran we are seeking.

Throughout this process, the USG has acted within the limits of established policy and in compliance with all U.S. law. The shipment of 2,008 U.S. TOWs and 235 HAWK missile parts was undertaken under the provisions of a covert action Finding.

During the course of this operation -- and before -- the U.S. was cognizant of only two shipments from Israel to Iran. Specifically,

-- The Israelis acknowledged the August 1985 shipment of 508 TOWs after it had taken place. Until we were advised by the Israelis, and had the information subsequently confirmed by Iranian authorities, we were unaware of the composition of the shipment. We subsequently agreed to replace these TOWs in May of 1986.

-- The October 1986 shipment of 500 TOWs from Israel to Iran was undertaken with U.S. acquiescence. These TOWs were replaced on November 7.

-- The November 1985 shipment of 8 Israeli HAWK missiles was not an authorized exception to policy. This shipment was eventually retrieved in February 1986 as a consequence of U.S. intervention.

UNCLASSIFIED

19-84

See Hearing Exhibit OLN-24

CHAPTER 20. NOVEMBER 1986: THE ATTORNEY GENERAL'S INQUIRY

ch. 20 #3

COPY UNCLASSIFIED

20-3

Appointment Schedule
Admiral Poindexter Phone Calls
November 21, 1986

October

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Friday 11/21

7:20AM Talked with Director Casey on Secure
9:22AM CPL-AG Meese (before you see the President) on Secure
10:40AM Adm. Stansfield Turner [redacted]
11:16AM CPL [redacted] (Ke[redacted] talked at 11:30)
11:25AM General Secord (at Noon:
NOTES: REMINDERS
- Call Dr. Brzezinski Trudy)
- Call Jeane Kirkpatrick
- Call Brent Scowcroft Eva)

OUTSTANDING
11/18-Judge Clark

Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

4967

November 21, 1986 Page 1 of 1

UNCLASSIFIED

ch. 20 # 23

20-23

Appointment Schedule,
Admiral Poindexter
November 21, 1986

October

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

November

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

December

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Friday 11/21

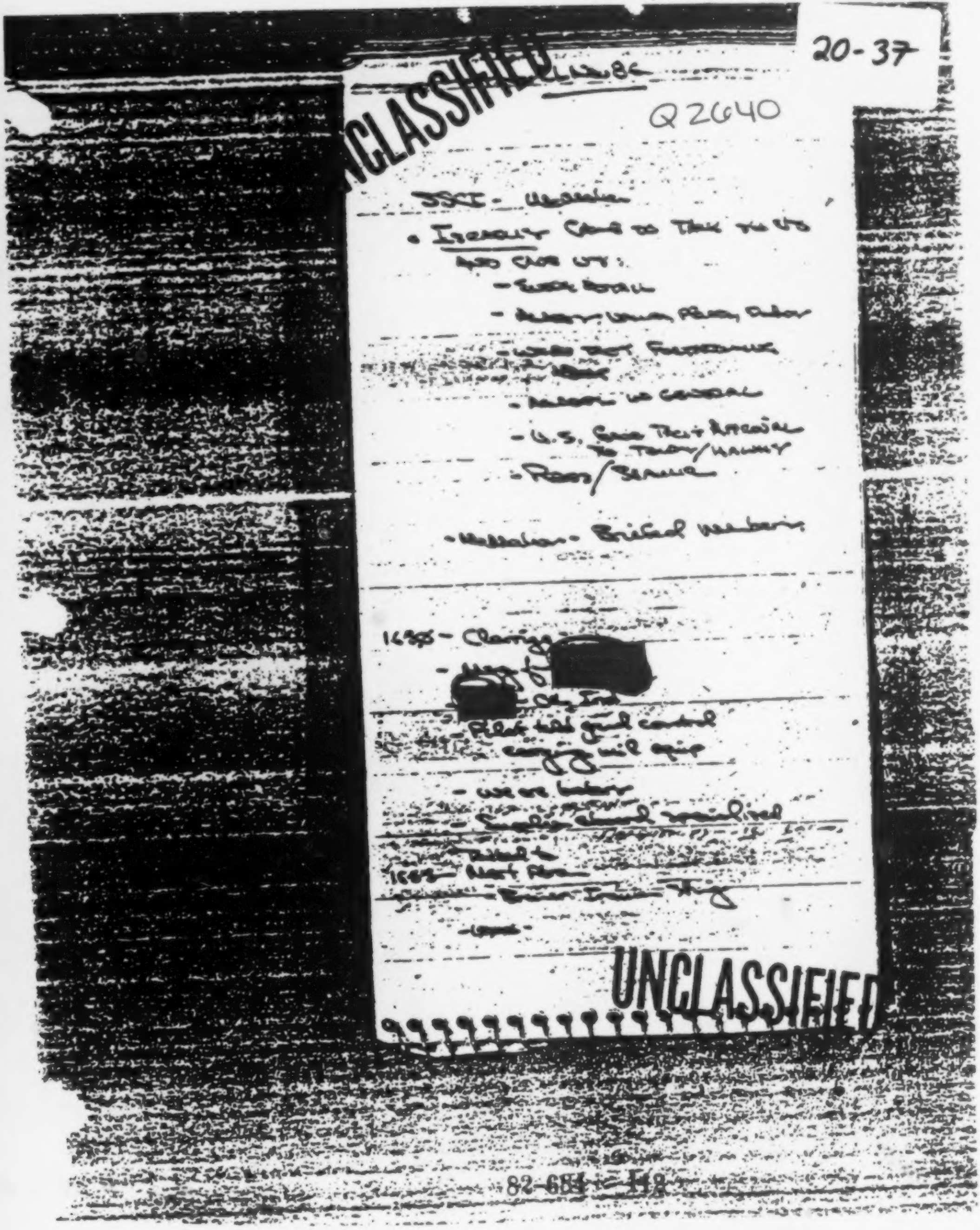
7:30AM	8:50AM	House Permanent Select Committee on Intelligence - Sit Rm
8:00AM		DOM (McDaniel to attend)
9:00AM	10:30AM	Senate Select Committee on Intelligence - Sit Rm
10:00AM	10:30AM	(P/Mtg w/Senators Robert Dole & Robert Byrd - Oval)
10:30AM		P/NSB (Keel handled)
10:45AM	10:50AM	P/Photo-Op w/Pres Namphy of Haiti - Oval (Keel handled)
11:25AM	11:30AM	Don Regan's ofc to see Larry Speakes
11:30AM	12:15PM	President (Oval)
12:15PM	12:25PM	Returned with AG Meese
1:00PM	1:27PM	P/Mtg w/Sec Weinberger - Oval
1:27PM	1:55PM	Ron Sable & Paul Thompson
1:30PM	1:45PM	(P/Photos w/Departing Ambassadors - Oval)
1:45PM	2:00PM	(P/Photos w/US Ambassadors - Oval)
1:55PM	1:58PM	Photo w/Richard Levine, Sylvia Levine, mother & Ann Diamond, Aunt
2:25PM	2:32PM	Ollie North
3:30PM	4:20PM	[redacted] (CIA) w/PBThompson
NOTES:		P/CD SEE PAGE TWO

Partially Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

4968

UNCLASSIFIED

Chapter 20, Footnote 37



20-37

UNCLASSIFIED

[illegible] 86

Q2640

SSCI - [illegible]

- Israelis came to talk to US and gave us:
  - [illegible]
  - [illegible]
  - [illegible]
  - [illegible] [illegible] General
  - U.S. said that approval to Tehran/[illegible]
  - Press/Senate
- [illegible] - Briefed members

1635 - Clarridge

- [illegible] [redacted]

[redacted] - [illegible]

- Pilot told grnd control carrying mil equip
- we're taken
- Supplies should [illegible] specialized
- [illegible]

1655 - Next Plan

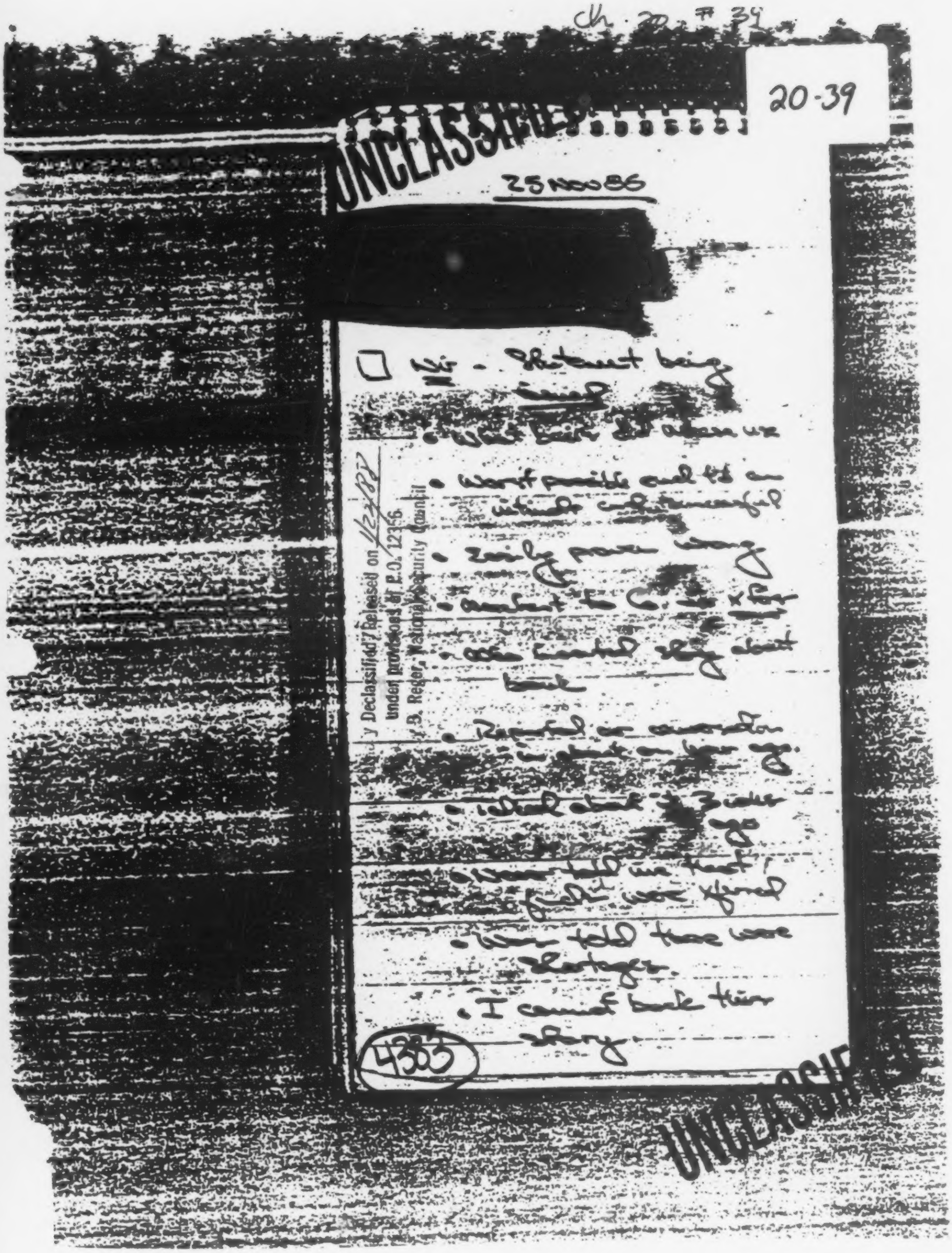
- [illegible] - Thurs

- [illegible] -

UNCLASSIFIED

20-39

See Hearing Exhibits OLN-69A, JMP-81, and DTR-5



Ch. 20 # 39

20-39

UNCLASSIFIED

25NOV86

[redacted]

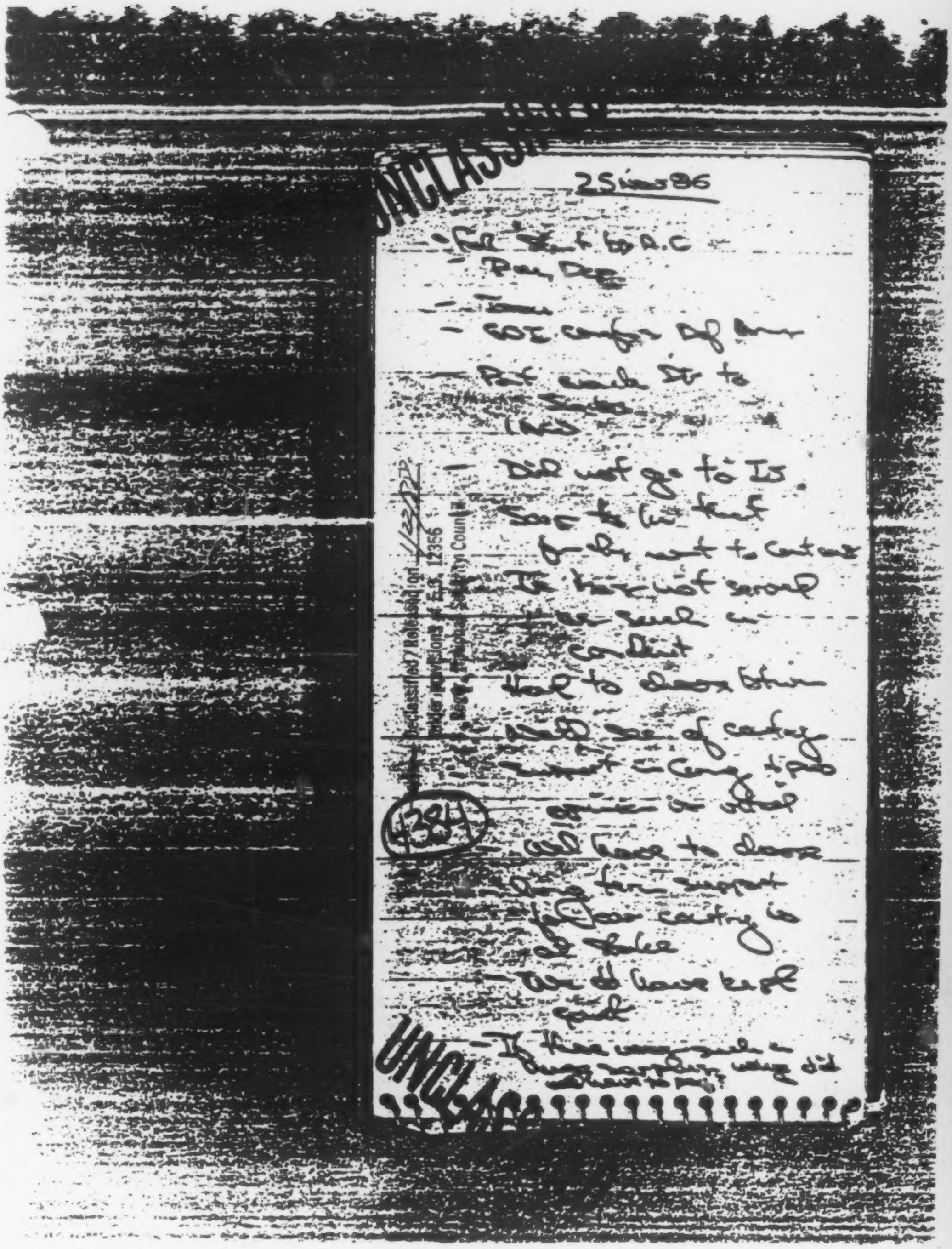
☐ Nir - Statement being issued

- [illegible] [illegible] above us
- Wasn't possible and [illegible] an ultimate [illegible]
- Easily prove wrong
- [illegible] to C. [illegible] x [illegible]
- [illegible] [illegible] they don't back
- Reported an conversation in about [illegible] ago.
- Talked about 3 weeks ago
- Never told me that funds were diverted
- Never told there were shortages.
- I cannot back this story.

Partially Declassified/Released on 1/23/88 under provisions of E.O. 12356 by B. Reger, National Security Council

4303

UNCLASSIFIED



UNCLASSIFIED

25 Nov 86

- [illegible] to D.C
  - [illegible]
- [illegible]
  - SOI [illegible]
- [illegible] to [illegible]
  (NA)
- Did not go to IS
  [illegible]
  funds went to Contras
  IS have not served
  [illegible]
  conduct
  Had to [illegible]
  [illegible] of [illegible]
  [illegible]
  [illegible]
  will have to [illegible]
  [illegible] for support
  [illegible] is
  [illegible]
- [illegible] have [illegible]
  [illegible]
- If [illegible]
  [illegible] why did
  [illegible]

Declassified/Released on 1/22/92
under provisions of E.O. 12356
by [illegible], National Security Council

4384

UNCLAS

UNCLASSIFIED

Cha
Footn 20-56

7/26/87
12:18 p.m.

CHRONOLOGY OF
NOVEMBER 20-25, 1986
JUSTICE DEPARTMENT INQUIRY

Thursday, November 20.

8:45 a.m. - 9:00 a.m.:
Meese joins staff meeting with Cooper and Richardson.

_____ - ____ (pre-10:15 a.m.):
Meese calls Casey.

12:00 p.m. - 1:15 p.m.:
Meese, Cooper, Reynolds, Bolton, Richardson have luncheon meeting re: Casey testimony.

1:30 p.m. - 3:00 or 3:30 p.m.:
Meese, Casey, Gates, Poindexter, North, Cooper, and Thompson meet in Poindexter's office re: Casey testimony. Cooper discovers discrepancy in testimony.

3:27 p.m. - ____:
Burns returns a call from Sofaer, who advises him of problems with Casey testimony.

3:50 p.m. - ____:
Burns tells Sofaer that the Attorney General has been advised of problems, but that Meese is aware of facts that explain everything.

3:30 p.m. - 5:45 p.m.:
Cooper is called into Wallison's office, with Thompson. Sofaer calls during meeting to say there is a problem with Casey's testimony. Sofaer tells Cooper he has spoken to Burns and is not satisfied with the response.

6:30 p.m. - 7:00 p.m.:
Sofaer calls Cooper about his concerns. Tells Cooper of contemporaneous State Department notes contradicting Casey's proposed testimony. Sofaer threatens to have the State Department (testifying with Casey) dispute any false statements made at the hearing and also says he will resign unless testimony corrected.

Partially Declassified/Released on 4/22/92
under provisions of E.O. 12356
by B. Reger, National Security Council

4380

UNCLASSIFIED

10:30 p.m. - 11:00 p.m.:
Cooper calls Meese at West Point and passes on concerns, including existence of State Department notes. Meese agrees that more serious inquiry in order and says he will return to Washington. Instructs Cooper to call Poindexter.

11:00 p.m. - _____:
Cooper calls Poindexter and states that testimony cannot go forward as is. Poindexter states that he had tried to reach Casey who was too groggy to discuss the matter.

11:28 p.m. - ____:
Cooper advises Sofaer that he has spoken to Meese.

_____ - _____:
Shultz advises Reagan that some Administration statements will not stand up under scrutiny.

Friday, November 21.

7:20 a.m. - ____:
Casey speaks to Poindexter.

8:00 a.m. - 8:30 a.m.:
Cooper meets with Casey and Doherty re: testimony. Casey accepts revisions without comment. Jameson whispers to Cooper that there is evidence that the pilot knew there was military equipment on November 1985 shipment.

8:30 a.m. - ______:
DOJ staff meeting. Weld argues for Criminal Division inquiry.

9:00 a.m. - ____:
Casey testifies before House Intelligence Committee.

9:15 a.m. - 10:45 or 11:15 a.m.:
Meese, Burns, Reynolds, Cooper, Richardson meet. Meese decides to go to the President and recommend that he be commissioned to gather the facts.

9:22 a.m. - ____:
Meese calls Poindexter on secure phone and advises that he will ask President to authorize fact-finding. Requests that Regan and Poindexter join him at meeting with Reagan.

UNCLASSIFIED

UNCLASSIFIED

11:00 a.m. - _____:
McFarlane meets with Ledeen at Ledeen's house. North arrives at 12:30 p.m. and meets with Ledeen for 5 minutes. McFarlane drives North downtown during which time North expresses concern that President be protected and tells him that he will have a shredding party.

11:17 a.m. - _____:
Meese receives call from Poindexter.

11:25 a.m. - _____:
Secord calls Poindexter.

11:30 a.m. - 3:00 p.m.:
Casey testifies before Senate Intelligence Committee.

11:30 a.m. - 12:15 p.m.:
Reagan meets with Meese, Regan, and Poindexter to discuss need for complete overview. Meese assigned task and told to report to NSPG on 11/24 at 2:00 p.m.

12:15 p.m. - 12:25 p.m.:
Meese and Poindexter meet. According to Robert Earl, North also meets with Meese, and asks whether he has 24 or 48 hours.

12:29 p.m. - _____:
Poindexter calls North.

12:45 p.m. - 1:45 p.m.:
Meese, Reynolds, Cooper, Richardson, and Bolton (?) have lunch. Meese assembles a team of lawyers "who had experience in this type of matter" and makes list of those to talk to.

1:30 p.m. - _____:
North meets with Poindexter.

1:45 p.m. - 2:15 p.m.:
Meese has "discussion" with Webster and they "agree" that the situation is not criminal in nature and therefore it is not appropriate to involve the FBI.

2:15 or 2:25 p.m. - 2:55 p.m.:
Meese, Reynolds, Cooper, Richardson, Bolton, and Eastland meet. Bolton briefs them on Casey testimony. Reynolds' notes of meeting indicate diversion of TOW missiles to contras is discussed.

UNCLASSIFIED

2:25 p.m. - 2:32 p.m.:
North meets with Poindexter. After this meeting, or the one at 1:30 p.m., North returns to his office, and directs Fawn Hall to alter documents.

2:28 p.m. - _____:
Meese calls McFarlane.

2:58 p.m. - 3:00 p.m.:
Meese calls Poindexter on secure phone. Advises Poindexter that he will send over a "couple of his people" to review documents. Thereafter, Poindexter speaks to Thompson and North. North indicates he will destroy notebook. Poindexter does not try to stop him. Subsequently, Poindexter destroys December 5, 1985 finding on previous arms shipments to Iran.

_____ - _____:
Cooper calls Thompson.

3:15 p.m. - _____:
Ledeen visits North in North's office. North asks Ledeen what his story will be about the November HAWK shipment. Earlier North tells Ledeen that a source at the Department of Justice had advised him to get a lawyer.

3:30 p.m. - 5:35 p.m.:
Meese and Cooper interview McFarlane and they discuss finding. According to McFarlane, Meese apparently volunteers that oral finding sufficient; according to Cooper, there is no discussion of oral finding. There is no mention of either the diversion or the shredding party. As McFarlane leaving, he speaks to Meese alone, expressing view that President fully behind Iranian initiative and, according to Cooper, a desire to protect the President.

5:30 p.m. - 7:30 p.m.:
North and Hall destroy documents.

5:45 p.m. - _____:
McFarlane phones North from outside the Department of Justice and tells him about his interview with the Attorney General. North tells McFarlane he has been urged to get an attorney and warned that his phone may be bugged.

UNCLASSIFIED

_____ - _____:
McFarlane calls Sofaer and Shultz seeking copies of State Department notes relating to 1985 arms shipments.

_____ - _____:
North meets with Green.

6:09 p.m. - _____:
Meese receives call from Webster.

6:20 or 6:25 p.m. - 6:40 or 6:45 p.m.:
Meese, Cooper, Reynolds, and Richardson meet. Bolton joins the meeting from 6:30 to 6:35 p.m.

6:55 p.m. - _____:
Meese calls Weinberger.

7:05 p.m. - _____:
Meese calls Casey.

_____ - _____:
Shultz calls Meese; interview is arranged for next morning.

_____ - _____:
Richard Miller drives North to Green's office. Either on this drive or previous day, North tells Miller Meese has advised him to retain counsel.

__Saturday, November 22.__

2:00 a.m. - 7:00 a.m.:
McGinnis [redacted]

8:00 a.m. - 9:20 a.m.:
Meese and Cooper interview Shultz, with Charlie Hill present.

9:30 a.m. - _____:
Gates speaks to Poindexter on secure line.

9:45 or 9:50 a.m. - 10:00 a.m.:
Meese meets with Cooper.

9:50 a.m. - _____:
North speaks to Poindexter.

9:55 a.m. - _____:
Casey calls Meese.

UNCLASSIFIED

10:00 a.m. - 10:30 a.m.:
Meese, Cooper, Reynolds, Richardson meet.

10:15 a.m. - _____:
Meese speaks to Poindexter.

10:40 a.m. - _____:
Meese calls Thompson (for Cooper).

10:45 a.m. - _____:
Meese calls Poindexter.

10:58 a.m. - 11:07 a.m.:
Poindexter speaks to Bush.

11:10 a.m. - 12:45 p.m.:
Meese and Cooper interview CIA General Counsel Sporkin.

11:38 a.m. - _____:
Poindexter speaks to Casey.

12:05 p.m. - ______:
Reynolds and Richardson examine NSC files. Paul Thompson and Bob Earl present. DOJ officials review documents "presented to them" and have copies made of those considered important. They discover early April memo that explicitly refers to diversion. As they are leaving, North arrives and indicates he was aware they would be in NSC offices; volunteers to answer questions. According to North, he shreds documents while Reynolds and Richardson are in the office and continues while they are at lunch.

1:25 p.m. - 3:20 p.m.:
Casey and Poindexter, have lunch. North joins them at 2:50 p.m. (until 3:40). Alton Keel may have been there briefly according to Poindexter. According to Poindexter, no discussion of diversion or of destruction of 1985 finding. At 2:52 p.m., during the lunch, Regan calls Casey.

1:45 p.m. - 3:15 p.m.:
Meese, Reynolds, Cooper, and Richardson have lunch at Old Ebbitt. Reynolds advises Meese of diversion memo.

UNCLASSIFIED

____ - 7:15 p.m.:
Reynolds and Richardson return to NSC offices where North provides more documents. North indicates he expects "to take the fall". They do not review the files of Poindexter, McFarlane or Thompson. Richardson tells North that Meese wishes to meet with him. North tells Reynolds and Richardson he has retained an attorney.

3:40 p.m. - ______:
North calls Meese. Meese makes appointment with North to meet on 11/23 at 2:00 p.m. Agrees to allow North to go to church in morning.

3:46 p.m. - ______:
Casey calls Meese.

5:40 p.m. - _____:
Poindexter speaks to North.

5:45 p.m. - ______:
Meese meets with Casey at latter's home. They discuss Furmark and Canadian investors. Meese is "sure" that Casey "did not mention anything about Central America" and does not believe there was discussion of the contras or the Nicaraguan resistance.

6:00 p.m. - 8:45 p.m.:
Cooper goes to CIA with McGinnis and interviews Doherty, Dietel, Jameson, McHoffa, and [redacted] Cooper has telephone conversation with [redacted]

Sunday, November 23.

9:00 a.m. - 10:45 a.m.:
Cooper goes to CIA with McGinnis and interviews Allen, Jameson, Doherty, and Clarridge.

9:15 a.m. - ______:
North calls McFarlane and asks to meet.

______ - ______:
North speaks to Secord.

9:45 a.m. - _____ :
Cooper meets with Allen and Doherty.

UNCLASSIFIED

10:10 a.m. - ______:
Meese speaks to Casey. Cooper then meets with Casey.

10:45 a.m. - ______:
Reynolds and Richardson go to NSC.

12:30 p.m. - 12:45 p.m.:
North and McFarlane meet in latter's office with no one else present. According to McFarlane, North states that: (1) there is a problem with the diversion; (2) diversion was a matter of record in memo; and (3) it was an approved matter. Green arrives, and Secord arrives minutes later; McFarlane leaves them to talk in his office.

12:32 p.m. - _____:
Meese calls Regan.

12:40 or 12:45 p.m. - 2:00 p.m.:
Meese, Cooper, Reynolds, and Richardson meet.

2:15 or 2:55 p.m. - 5:55 p.m.:
Meese, Reynolds, Cooper, and Richardson interview North. (Meese leaves interview at 4:05 p.m.) North states: (1) arms deal authorized by Reagan; (2) idea of diversion surfaced in discussion with Nir in 1/86; (3) $3-4 million diverted after February shipment of TOWs and more after May shipment of HAWK parts; (4) Israel controlled the money; (5) North gave Swiss account numbers (accounts opened by Calero) to Israelis; and (6) only he, McFarlane, and Poindexter aware of diversion. North is "visibly surprised" when shown undated memo. Unclear whether North tells Meese that he does not think that the undated memo was used or sent for approval.

_____ - _____:
North calls McFarlane and tells him about Meese interview.

_____ - _____:
North calls Poindexter and then shreds more documents. Remains in office shredding until at least 4:50 a.m. when alarm is tripped.

6:00 p.m. - 6:45 or 7:00 p.m.:
Meese, Cooper, Reynolds, and Richardson meet.

UNCLASSIFIED

7:00 p.m. - _____:
Sofaer calls Cooper and says he fears there was excess profit from Iran arms sales. Believes money may have gone to contras because of involvement of Southern Air Transport in both operations.

Monday, November 24.

7:20 a.m. - 7:50 a.m.:
Meese, Reynolds, Cooper, Cribb, Richardson meet to review what found. Meese asks staff to look over criminal laws and other applicable statutes.

8:57 a.m. - _____:
Poindexter talks with McFarlane.

9:00 a.m. - 10:15 a.m.:
Cooper meets with Sofaer and Hill; sees 1985 notes on arms shipments.

9:12 a.m. - _____:
Poindexter calls North on secure phone.

[_____- _____:
Meese may have spoken to Webster.]

9:55 a.m. - _____:
Meese calls Weld.

10:00 a.m.- 10:30 a.m.:
Meese meets with McFarlane about diversion. McFarlane states that he only learned about it during May trip to Tehran. McFarlane does not tell Meese about "shredding party".

10:02-a.m. - _____:
Meese calls Regan.

10:10 a.m. - _____:
Meese calls Bush.

10:25 a.m. - _____:
Poindexter speaks to Casey.

10:29 a.m. - _____:
Poindexter speaks to Weinberger.

_____ - _____:
Meese has telephone conversation with Weinberger, who does "not have much to add."

UNCLASSIFIED

10:55 a.m. - _____:
Poindexter speaks to North on secure line.

11:00 a.m. - _____:
According to Regan, Meese meets with him and advises him of diversion and North's confirmation. Also according to Regan, Meese thereafter meets with Reagan; tells him he needs to complete review and will report later. According to Meese, he meets with Regan and Reagan and advises both of diversion.

11:44 a.m. - _____:
Meese calls McFarlane.

12:30 p.m. - 1:30 p.m.:
Meese, Reynolds, Cooper, Cribb, and Richardson meet.

1:30 p.m. - ____:
McGinnis tells Richardson that he had heard rumors at the CIA that Iran money was diverted to the contras. According to Cooper, he would likely have passed this information on to Meese.

1:40 p.m. - _____:
Meese meets with Bush.

2:00 p.m. - _____:
Reagan, Bush, Meese, Shultz, Weinberger, Regan, Poindexter, Casey, and Cave meet to discuss Iran. According to Meese, diversion not discussed.

2:00 p.m. - 3:45 p.m.:
Reynolds and Cooper meet with Green who describes Hakim's role in proposing diversion. Reynolds tells Meese of his conversation with Green, but Meese does not remember if Reynolds tells him that Green has confirmed the diversion.

2:44 p.m. - _____:
Secord talks to North.

4:15 p.m. - 4:20 p.m.:
Meese interviews Poindexter in latter's office for 10 minutes. Meese is alone and takes no notes. Poindexter acknowledges knowing "generally" about diversion and adds that North gave him "enough hints" to know the money was going to the contras. He did not inquire further, however, and told no one about the diversion. According to Poindexter, According to Poindexter, Meese does not ask him if

UNCLASSIFIED

he ever told the President; according to Meese, he does ask him, and Poindexter responds that he has not told the President or Regan.

4:30 p.m. - ______:
Meese meets with Reagan and Regan. He relates Poindexter statements and discusses "looking at what applicable criminal laws there might be." Meese later testifies that neither Regan nor Reagan "knew anything about this."

_____ - _____:
Meese meets with Bush.

_____ - _____:
Casey calls Cooper, after meeting with Furmark at the CIA. Asks what Cooper knows about "Lakeside Resources."

6:10 p.m. - _____:
Casey speaks to Poindexter on secure phone.

____ - ____:
Regan talks to Casey about diversion.

6:53 p.m. - _____:
Meese calls Poindexter.

PRIVACY

_____ - [redacted]

Tuesday, November 25.

6:30 a.m. - _____:
Casey calls Meese.

6:35 or 6:40 a.m. - 6:45 or 7:00 a.m.:
Meese meets with Casey at latter's house. Richardson accompanies Meese in car, but is not present at meeting. According to Meese, Casey states that he had heard from Regan the previous evening about the diversion and that Poindexter was planning to resign. Casey tells Meese he will send him the Furmark memoranda.

_____ - _____:
Regan calls Meese at Casey's.

UNCLASSIFIED

7:15 - 7:45 a.m.:
Meese meets with Poindexter; advises him that time has come to submit resignation.

7:50 a.m. - _____:
Meese calls Weinberger.

7:50 a.m. - 8:02 a.m.:
Regan tells Poindexter to tender his resignation at the 9:30 a.m. briefing.

8:00 or 8:15 a.m. - _____:
Meese, Regan, Cooper, Thomas, Wallison meet. Review board proposed by Regan.

8:15 a.m. - 9:30 a.m.:
Cooper meets with Wallison and Thomas to draft Presidential statement. Thereafter, Cooper and Richardson meet with Buchanan, Speakes, Thomas and Wallison to review the statement.

8:55 a.m. - _____:
Poindexter speaks to Regan.

9:00 a.m. - 9:30 a.m.:
Meese meets with Reagan, Bush, and Regan and advises them of what he has learned and that a criminal investigation probably will be convened.

9:10 a.m. - _____:
Poindexter speaks to Weinberger.

9:20 a.m. - 9:30 a.m.:
Poindexter meets with North.

9:30 a.m. - 10:00 a.m.:
Meese meets with Reagan, Bush, Regan, and Poindexter. Poindexter resigns.

9:35 a.m. - _____:
Green speaks to North.

10:05 a.m. - 10:10 a.m.:
Poindexter meets with Meese.

10:15 a.m. - _____:
Meese attends NSC meeting with Reagan.

10:25 a.m. - _____:
Secord calls for Poindexter; speaks to Thompson.

UNCLASSIFIED

11:00 a.m. - 12:00 noon:
Meeting with Congressional leadership.

11:45 a.m. - 12:00 noon:
North's log indicates that Reynolds has telephone conversation with North and/or Green.

12:00 noon - 12:45 p.m.:
Meese press conference on diversion.

12:03 p.m. - _____:
Poindexter speaks to Casey on secure line.

1:30 p.m. - _____:
Cooper, Cribb, Reynolds, Bolton and Richardson have lunch in Cribb's office.

1:45 p.m. - 1:50 p.m.:
Meese meets with Webster. Tells Webster DOJ will research criminal statutes.

2:05 p.m. - 2:45 p.m.:
Meese meets with Webster(?), Burns, Reynolds, Cooper, Richardson, and Cribb. Trott joins meeting at 2:20 p.m. At this meeting, Meese directs Burns to notify White House Counsel to take security precautions, and directs Cooper to meet with Weld about applicable laws. (Burns fails to do this immediately.) Meese advises Webster that he is turning the matter over to the Criminal Division and would "probably" need FBI resources. (Those resources were requested the next day.) Cooper subsequently meets with Weld and briefs him.

____ - ____:
North, Secord, and Green meet.

3:00 p.m. - 4:00 p.m.:
Meese attends NSPG meeting with Reagan.

4:00 p.m. - 4:02 p.m.:
Meese meets with Poindexter.

4:10 p.m. - 4:40 p.m.:
Meese meets with Reynolds, Cooper, Cribb, and Richardson.

UNCLASSIFIED

4:40 p.m. - ______:
Meese has telephone conversation with Israeli Foreign Minister Peres. Peres states that Israelis handled no money, but merely told the Iranians what accounts to put it into.

6:40 p.m. - _____:
Meese meets with Richardson, Cribb, Burns, Trott, Reynolds, Cooper, Weld, Bolton, and Korten (to 6:50 p.m.) on "press update/guidance" and possible criminal violations.

______-_____:
Hall and North remove documents; exchange them in Green's car.

7:00 p.m. - 8:30 p.m.:
Cooper, Reynolds, and McGinnis meet with Susan Crawford and DOD personnel to discuss Economy Act transfers and pricing.

7:05 p.m. - _____:
McFarlane calls Meese.

Monday, December 1.

____ - ____:
Reynolds and Public Integrity Section lawyer William Hendricks meet with Green, despite objections from Criminal Division that Reynolds should not participate. Green represents Secord and requests immunity; he urges the Department not to apply for an independent counsel.

2:00 p.m. - _____:
Meese meets with Reagan.

2:20 p.m. - _____:
Meese meets with Burns, Cooper, Bolton, Cribb, Weld and representatives of the Criminal Division on Iran investigation.

Tuesday, December 2.

10:00 a.m. - ____:
Meese decides to apply for an independent counsel.

UNCLASSIFIED

Chapte
Tootnc 20-92

Telephone Calls - Saturday 22 Nov 86

J9419

9^{55} am Rec'd call from Bill Casey

10^{40} am Plc'd call to Paul Thompson, NSC, for Chuck Cooper (in AG ofc)

10^{45} am Plc'd call to Adm. Poindexter

3^{40} pm Rec'd call from Oliver North

3^{46} pm Rec'd call from Bill Casey

...eleased on 27 July 87
... E.O. 12356
... Council

UNCLASSIFIED

Chapter 20
Footnote 127

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

September 4, 1987

20-127

Dear Victoria:

In accordance with the President's pledge to cooperate with the Select Committee's investigation and pursuant to the Select Committee's request for an "on the record" confirmation of certain matters, Barbara Browne has completed the enclosed Affidavit.

We understand that the enclosed Affidavit will be used in lieu of a deposition and that we will be consulted before it is publicly cited or released.

Thank you for your cooperation and understanding in this matter.

Sincerely,

Alan
Alan C. Raul
Associate Counsel to the President

Ms. Victoria Nourse
Assistant Counsel
Select Committee on Secret Military
  Assistance to Iran and the
  Nicaraguan Opposition
United States Senate
Washington, D.C. 20510

Enclosure

cc: W. Neil Eggleston, Esq.
    George Van Cleve, Esq.

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

4381

UNCLASSIFIED

AFFIDAVIT

I, BARBARA E. BROWNE, hereby state as follows:

1. In July of 1986, I was employed as a secretary at the National Security Council, assigned to Lt. Col. Robert Earl and Commander Craig Coy. I worked in Suite 302 of the Old Executive Office Building, the same suite in which Lt. Col. Oliver North and his secretary, Fawn Hall, were located.

2. On Monday, November 24, 1986, I arrived at work in Suite 302. Sometime during the morning, Lt. Col. North said to me that the document shredder in the suite was jammed and not working. I looked at the shredder, and I noticed that the shred bag was full. I then called Ken Larkins and together with him, removed the shredder bag, taped it shut and set it outside the door of Suite 302 where, in accordance with standard procedures, it was removed in due course.

3. From July 7, 1986, when I first began working in Suite 302, the first time I recall seeing a full shredder bag was on Monday, November 24, 1986. During the period from July through November 1986, I used the shredder on one or two occasions to shred documents as requested by either Lt. Col. Earl,

~~Partially Declassified~~/Released on 1/22/88
~~under provisions of E.O. 12356~~
by B. Reger, National Security Council

UNCLASSIFIED

Lt. Col. North or Commander Coy. On those occasions, I confirmed that they were certain the particular documents should be shredded.

I declare under penalty of perjury that the foregoing is correct.

Barbara E. Browne

Date: September 4, 1987

UNCLASSIFIED

20-129

CLASSIFIED AT TIME OF PUBLICATION.

20-177

CLASSIFIED AT TIME OF PUBLICATION.

See Hearing Exhibit JMP-85

UNCLASSIFIED 20-184 '84

COMMAND CENTER - [redacted]
Duty Officer - Marilee Melvin

As of cob
11/25/86

THE ATTORNEY GENERAL

Schedule for Tuesday, 25 November 1986

TIME	SUBJECT/VISITOR	LOCATION	PERI
6:35	Meeting with Bill Casey ✓	Casey Residence	10
7:25	John Poindexter ✓	AG Office	20
9:00 RR	VP/DTR ✓	Oval Office	30
9:30 RR	VP/DTR/JMP ✓	Oval Office	30
10:15 RR	NSC Meeting		15
11:00 RR	Meeting with Congressional Leadership	Cabinet Room	60
12:00 RR	Press Conference	WH Press Briefing Rm	48
12:50 RR	AG joins Supreme Court Luncheon	State Floor	60
2:00	AIB/SST/WBR/CJC/TKC/JWR		45
2:45	Depart for White House		
3:00 RR	NSPG Meeting (FOLDER)	Situation Room	60
4:10	WBR/CJC/TKC/JWR ✓		30

Partially ~~Declassified~~/Released on 2/24/88
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

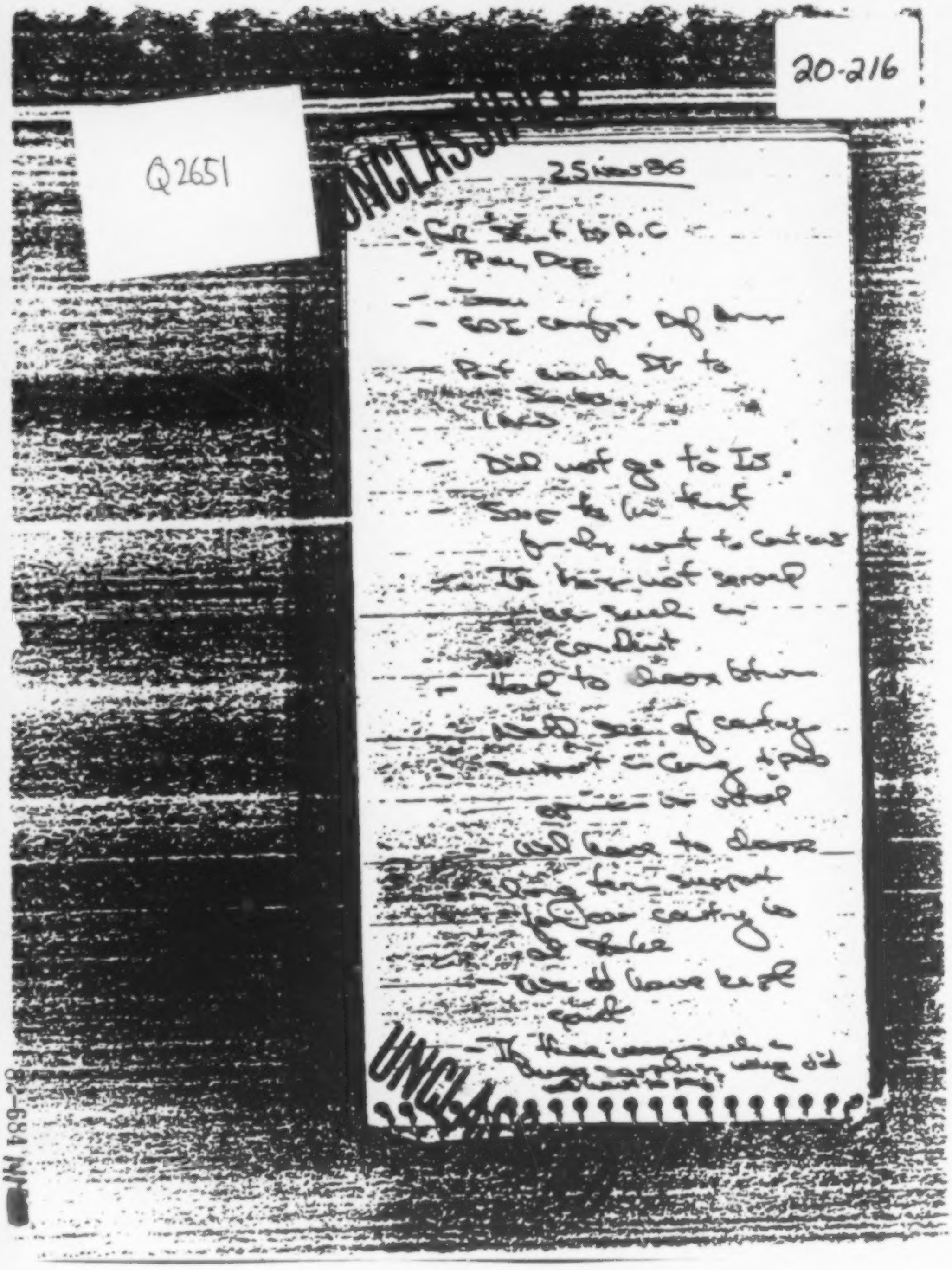
49669

20-199+200

CLASSIFIED AT TIME OF PUBLICATION.

20-205

CLASSIFIED AT TIME OF PUBLICATION.



20-216

Q2651

UNCLASSIFIED

25 Nov 86

- [illegible] to A.C
  [illegible]
- [illegible]
- SOI [illegible] Def [illegible]
- Put each Dir to
  [illegible]
  [illegible]
- Did not go to IS.
- Sore [illegible] that
  [illegible] want to contact
- IS have not served
  [illegible]
  conduct
- Had to deceive them
- [illegible] of country
  [illegible]
  [illegible] in [illegible]
- Will have to deceive
  [illegible] for support
  [illegible] country is
  [illegible]
- We [illegible] have kept
  quiet
- If these [illegible]
  [illegible] why did
  [illegible]

UNCLASSIFIED

82-684 NF

CHAPTER 21. INTRODUCTION TO THE ENTERPRISE

Chapter 21, Foot 21-16

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-132

SECORD INTERVIEWS

During initial interview on December 17, 1981, General Secord was advised that on a recent CBS Television interview with Douglas Schlachter, allegations were made that Secord and Edwin Wilson worked together to sell military equipment in Iran and attempted to obtain Russian weapons from Libya. General Secord said these allegations were absolutely false as his relationship with Wilson was strictly social. He said he has never entered into any type of business arrangement with Wilson, his companies, or associates. He said further that he never participated with Wilson in any type of intelligence operations nor has he at any time received any money or gratuities from Wilson or his associates. He said he met Wilson about ten years ago at a party, being introduced by Tom Clines. He had known Clines since both served together in Southeast Asia, with both later attending the Naval War College at Rhode Island together in 1971. Secord recalled that from 1972 to 1974, he saw Wilson on a social basis about ten times, having lunch together. He could not remember ever visiting Wilson's farm although invited many times by Wilson. In the summer and fall of 1975, he and Wilson had dinner together in Iran, with Wilson's wife present on one occasion. Wilson told Secord he was working with the Iranian Secret Police and U. S. Naval Intelligence. After returning to the U. S. in June, 1978, he saw Wilson on a social basis. Secord said he has had no contact with Wilson for the past two and a half years and last saw him in Brussels, Belgium, in February or March, 1979, while attending an official Government function. At this meeting, Wilson asked Secord if he was interested in MIG-25 aircraft. He also recalled that in late 1978, he attended a NATO conference in London, England, and met with Wilson while there. Wilson said he was working in Libya.

During interview March 26, 1982, Secord advised he had been to Wilson's farm on several occasions with his wife and children. He admitted going to an office in Northern Virginia with Clines for a briefing by an associate of Wilson's regarding a "super security project" that Wilson was working on. The briefing related to security devices at one of the Iranian Shah's palaces, and when Secord realized it was a "commercial pitch," he terminated the briefing and left. Wilson was present

Pages 8-13
Par Declassified/Released on 1/20/88
under provisions of E.O. 12356
by B. Reger, National Security Council

4298

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

on that occasion. Secord said he and his staff had considerable influence over major decisions relating to contracting in Iran. He admitted ordering about a dozen small pocket computers that Wilson was displaying in Iran in late 1976 or early 1977, sending Wilson a check for $200 after receiving the items by mail. Secord recalled meeting Doug Schlachter in about 1978 and seeing him many times, always with Clines and usually at a bar or lounge in Northern Virginia. Secord said he bought a townhouse at Burke, Virginia, from Tom Clines as an investment in 1977, subsequently selling the house to Ed Wilson at the same price he purchased it for. Proceeds of $20,000 he got from sale of this house he invested in a house at Fort Walton Beach, Florida. He got the $20,000 in cash from Wilson at a meeting at a Northern Virginia lounge in about September, 1979. No receipt was given for this cash and he thought this cash transaction was unusual. He said others were present when this cash was personally given to him by Wilson. Secord acknowledged using a Beechcraft Baron aircraft that Wilson purchased in about September, 1978. He said he flew Wilson over his property once or twice and met Wilson's girlfriend, Bobbi Barnes, in this regard. The longest trip he made in Wilson's plane was to Miami, Florida, with Tom Clines, and he made other trips around the Washington, D. C., area and a trip to Fort Walton Beach, Florida, in it. He said he paid for the gas expended and utilized the aircraft as Wilson asked him to look after the aircraft periodically and Secord agreed to fly it occasionally. He said Jim Rhyne, an associate of Secord's who worked with Secord in the past, also flew the aircraft at Secord's request. The aircraft was ferried to Europe in 1979. Secord denied that his use of Wilson's aircraft was for any past or future favors.

In late 1978 to early 1979, he met with Wilson in London on a strictly social occasion. Secord was there with Erich Von Marbod seeing a British Government official regarding the Iranian situation. He had drinks with and chatted with Wilson on that occasion. He met Wilson next in Brussels about a year later at Wilson's request delivered by Clines. He had a few drinks with Wilson and the meeting lasted about two hours, with only he and Wilson present. Wilson appeared nervous and discussed Wilson's possibly procuring Soviet aircraft. Secord said he made no promises to Wilson and did nothing further regarding the matter.

UNCLASSIFIED
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

Secord said he and Clines, working under Ted Shackley, [redacted] Clines [redacted] and Secord [redacted] He said at present Clines is one of his few close personal friends. He has had no direct or indirect share in Clines' companies. He said Clines told him that Wilson was responsible for getting a loan (of about $300,000) for Clines which started or assisted Clines in financing his companies. Secord denied having any interest in EATSCO. He said he traveled to Egypt with Von Marbod in May, 1979, during which Secord was to negotiate an F-4 aircraft deal with the Egyptians. He never heard of Hussein Salem until the summer of 1979. He denied having anything to do with contracting relating to the freight forwarder as pertains to the U. S.-Egyptian foreign military sales credit deal and EATSCO. He said he had no advance information regarding the U. S.-Egyptian foreign military sales loan agreement. Clines told him in 1979 that he was trying to get "part of the action" as related to the contract that Hussein Salem had apparently acquired with Egypt and mentioned he was associated with a freight forwarding company, the Hobelmann Company. Secord advised he first met Von Marbod in 1972 at the Pentagon, working closely with him during 1972-1974. He said they are close professional associates and also served together in Iran in the mid-1970's. He also worked with Von Marbod on [redacted] in the early 1970's. From summer of 1973 - spring 1981, he had almost daily professional meetings with Von Marbod at the Pentagon, including work on highly classified projects regarding Egypt. He recalled that he, Clines, Von Marbod, and several others were together at various Northern Virginia places on a social basis prior to the Camp David Accords situation for casual discussions regarding current events and other matters. Secord admitted visiting Clines' Middleburg, Virginia, residence about ten times and being at the Rotonda condominium owned by Clines or Shirley Brill on one evening. He recalled being at Clines' former Vienna, Virginia, townhouse on a few occasions, also.

During interview on May 20, 1982, Secord provided additional information regarding various areas previously discussed. He admitted that Wilson was to take care of financial arrangements for the Beechcraft Baron aircraft and the gas was often paid for by the service account that had been set up for this aircraft. He denied that Wilson obtained this plane at Secord's request.

UNCLASSIFIED

SECRET
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

He said he believes he met Wilson on two occasions in Brussels, the last occasion being when Wilson mentioned the possible acquiring of Soviet aircraft. During the London trip in late 1978 or early 1979, Wilson picked him and Von Marbod up at their hotel and took them to his townhouse. After being at the townhouse a short time, they possibly went out to dinner. Present at the townhouse were Secord, Von Marbod, Wilson, Bobbie Barnes, Diane Bryne, and one of Bryne's children. Secord said he never had any conversations with Wilson regarding the Egypt-EATSCO situation and never discussed this situation with Clines prior to the service agreement being made between Egypt and EATSCO. Secord never knew the details of Clines' association with Salem. Secord said he was not associated with any business activity relating to nuclear fallout clothing while in Iran and has no recollection of any potential deal with Wilson, or associates of Wilson, regarding such clothing.

SECRET
UNCLASSIFIED

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

SECORD AIRCRAFT USE INFORMATION

Inquiry at Page Beechcraft, Inc., Dulles International Airport, on January 19, 1982, revealed that in August, 1978, a Beechcraft Baron airplane, Model 58, 1977 model year, Serial Number TH779, and U. S. Registration Number N4577S, was purchased by Service de Financement, S.A. of Geneva, Switzerland. Ed Wilson made the initial call to Page which eventually resulted in the purchase. Total cost was $178,575, paid in three installments (August 8, 1978, September 12, 1978, and September 14, 1978). When purchased and delivered, the aircraft had 490 hours of usage already. Primary contact for invoices and other notices and records was Douglas Schlachter of Rosslyn, Virginia. The two pilots who flew the plane were Richard V. Secord and James Howard Rhyne, and operationally Rhyne was to be the main contact. In about May, 1979, Ed Wilson called Page and said they were planning to export the aircraft. In mid-August, 1979, information was received that the plane was to go to Belgium. In about September, 1979, the plane was apparently taken to Europe. Ownership of the aircraft was transferred to Skyways Aviation, Inc., in about September, 1979, and Page registered the plane to this entity on about September 10, 1979. Page records reveal that 1,000 shares of common stock of Skyways Aviation, Inc., would be issued to Ed Wilson in consideration for transfer of the aircraft to this corporation in connection with the bill of sale.

Page personnel advise the tie-down fee for this aircraft would have been $120 a month. The Beechcraft Baron (twin engine uses about twenty gallons of gasoline per hour. (A gallon of aircraft gasoline costs about $2 as of April, 1982.) Service de Financement was to make available a $2,000 credit deposit in connection with fuel and maintenance costs for the aircraft; there were to be two users of the aircraft and they would be authorized to sign for fuel and maintenance as necessary.

James Howard Rhyne, during interview May 4, 1982, advised he has known General Secord since they served together in Southeast Asia in about 1965 [redacted] he and Secord shared ownership in a Mooney single-engine aircraft (N7[illegible]) during about 1974-1977. Rhyne met Ed Wilson through Secord in a social setting at Wilson's farm. In about 1977-1978, Secord told Rhyne that Wilson wanted Rhyne to look at an aircraft Wilson was considering buying. Rhyne and Secord looked at the Beechcraft Baron and Rhyne test flew it. He said the plane was loaded with

UNCLASSIFIED

SECRET
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

"extras" and Rhyne thought it would be a good investment. Wilson subsequently purchased the plane and Secord asked Rhyne to look after it since he then lived near Dulles Airport. Rhyne agreed. Rhyne looked after maintenance of the aircraft and flew it a total of five to six times, locally and to his home area of Lafayette, Georgia. (Rhyne did consultant work for EATSCO in about late 1979 in connection with their looking to purchase a 707 jet. He received about $5,700 for his work.) Rhyne said he was introduced by Secord to Erich Von Marbod in about 1979 at Manassas, Virginia, airport. On that occasion, Secord and Von Marbod flew together for about thirty minutes in Rhyne's aircraft. Rhyne said he was present, along with Ted Shackley and others, at the Pentagon ceremony where Secord received his second star as an Air Force General.

Analysis of Secord's flight log for the Beechcraft Baron (voluntarily provided) reveals he used the plane on 31 occasions during the period August 16, 1978 - August 25, 1979, for a total of 59 flying hours.

E

UNCLASSIFIED
NO FOREI

UNCLASSIFIED

Chapter Footnote 21-17

~~SECRET~~
~~NO FOREIGN DISSEMINATION~~

girlfriend, Shirley Brill. Clines introducted Von Marbod to Quintero and said Von Marbod was a "friend". Initially, Quintero was at the swimming pool at Clines' residence when Von Marbod was there. Von Marbod was at the residence about one hour.

In about the Fall of 1980, he again met Von Marbod at a lounge at the Springfield Hilton Hotel in Springfield, Virginia. Quintero was there with Clines and possibly Shirley Brill at that time. During this contact, Von Marbod asked Quintero about the Cubans who were coming to the Miami, Florida, area that Fidel Castro had put out of Cuba. Also mentioned was United States action in putting these persons in "concentration" camps. This meeting with Von Marbod was at around 6:00 p.m., and lasted about thirty minutes, during which Von Marbod had two or three beers.

Quintero said the only information he has about Von Marbod's past position with the government was what he had read about in newspaper articles.

On another occasion, Quintero was at a party at Clines' condominium at the Rotonda in Mc Lean, Virginia. While there, he heard that Von Marbod was at the party also.

Quintero recalled that Clines referred to Von Marbod as "Redhair" or "Redhead".

Quintero said that Von Marbod was a friend of General Secord's and as Secord was a friend of Clines', that is how Clines knew Von Marbod.

Quintero said he never heard of any payments or gratuities being made by Clines to Von Marbod.

Major General Richard Secord:

Quintero said he first met General Secord after seeing Tom Clines arrive back from Southeast Asia in 1973. On that occasion he met Secord at a bar in Northern Virginia with Tom Clines, and possibly other Southeast Asian military friends of Secord's. Clines introduced General Secord to Quintero and said that Secord had [redacted]

pages 340, 341, 342 Declassified/Released on [illegible] under provisions of E.O. [illegible] by J. Reger, National Security Council

4297

UNCLASSIFIED

~~NO FOREIGN DISSEMINATION~~

He recalled that initially, General Secord was cold and distant towards him and would not let him come to his house. In this regard, he remembered that on one occasion Quintero and Clines and Clines' girlfriend, Shirley Brill, were travelling together and Clines called Secord and said they were coming over to Secord's house. Clines said that Secord said, "Dump them", referring to Brill and Quintero, prior to coming to the house.

Quintero indicated that his relationship with Secord is now much closer, and during the past year he has met Secord on seven to nine occasions, and during the last two months on possibly four occasions. In this regard, he has been to Secord's residence on three to four occasions within the past year.

On the day that Ed Wilson was arrested in New York, in June, 1982, Quintero said that he and Clines went to Secord's residence to watch the 7:00 p.m., news coverage of the arrest. Secord and Clines expressed the opinions that they thought Wilson had made a deal in connection with his arrest. Secord's wife was present on that occasion also.

Quintero said on every occasion that he has met Secord, Quintero has also been with Clines, except on one occasion. This was when General Secord was in a suspended status from his job at the Pentagon in the Spring of 1982. Quintero met Secord at Mr. Smith's Restaurant and Lounge on Route 7 in Northern Virginia, while waiting for Clines to arrive. Clines never arrived on that occasion and Quintero and Secord went back to the Global American Resources Office in Mc Lean, Virginia, with which Clines has been associated in the recent past. Quintero recalled that during his meeting with Secord, mentioned above, Secord mentioned the pressure that AUSA Barcella and AUSA Greenberg were putting on Secord and Clines. Also mentioned was a letter that had been sent by one of these AUSAs to the Pentagon regarding General Secord.

On possibly a Saturday, sometime after July 4, 1982, but in July, Clines, Secord and Quintero met at a racket ball establishment near Global American Resources in Mc Lean, Virginia. They did not play racket ball on that occasion but instead talked about the government investigation underway. Secord indicated that he personally had nothing to worry about and Clines commented that Secord had nothing to hide.

UNCLASSIFIED

In about late July, 1982, Secord went on a trip abroad for about ten days, which included travel to Egypt. On his return, Clines, Quintero and Secord met at the same racket club, and although both Clines and Secord had rackets, they did not play racket ball. Instead, they went to Mr. Smith's Restaurant and Lounge. The conversation included talk about how busy Secord was in connection with meetings being held regarding the Lebanon crisis.

Quintero said that everytime he comes up to the Northern Virginia area, he and Clines and Secord go out and have drinks. He said Ted Shackley has attended these sessions on occasion also.

He recalled that in about the Fall of 1981, at Charlie's Bar in Mc Lean, Virginia, he was present with Secord, Clines and Shackley. On that occasion, Secord, Shackley and Clines sat by themselves and Quintero sat by himself at the bar some distance away.

Quintero mentioned that Tom Clines does not like to be alone and whenever he is with Clines, Clines asks Quintero to drive his car for him.

Quintero said that General Secord has been in uniform on occasion and not in uniform on other occasions that he has seen him.

Brussels, Belgium Meeting:

Quintero recalled that this meeting occurred before Ed Wilson was indicted in the United States. Quintero said he thinks that he came into Brussels with Clines from Geneva, Switzerland, and General Secord was already there when they arrived. Ed Wilson was in Brussels and stayed at a different hotel than he and Clines did.

The night before they were supposed to meet Wilson, they stayed in their hotel drinking. They then went to Wilson's hotel and had drinks, but Wilson did not come down to join them.

The next day, Quintero, Clines and Secord went to Wilson's hotel together and on that occasion, Quintero talked to Ed Wilson and his girlfriend, Bobbi Barnes. Quintero asked Wilson for a $100,000 loan for some construction he wanted to

UNCLASSIFIED

Chapter 21, Fa 21-18 1

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-132

SECORD INTERVIEWS

During initial interview on December 17, 1981, General Secord was advised that on a recent CBS Television interview with Douglas Schlachter, allegations were made that Secord and Edwin Wilson worked together to sell military equipment in Iran and attempted to obtain Russian weapons from Libya. General Secord said these allegations were absolutely false as his relationship with Wilson was strictly social. He said he has never entered into any type of business arrangement with Wilson, his companies, or associates. He said further that he never participated with Wilson in any type of intelligence operations nor has he at any time received any money or gratuities from Wilson or his associates. He said he met Wilson about ten years ago at a party, being introduced by Tom Clines. He had known Clines since both served together in Southeast Asia, with both later attending the Naval War College at Rhode Island together in 1971. Secord recalled that from 1972 to 1974, he saw Wilson on a social basis about ten times, having lunch together. He could not remember ever visiting Wilson's farm although invited many times by Wilson. In the summer and fall of 1975, he and Wilson had dinner together in Iran, with Wilson's wife present on one occasion. Wilson told Secord he was working with the Iranian Secret Police and U. S. Naval Intelligence. After returning to the U. S. in June, 1978, he saw Wilson on a social basis. Secord said he has had no contact with Wilson for the past two and a half years and last saw him in Brussels, Belgium, in February or March, 1979, while attending an official Government function. At this meeting, Wilson asked Secord if he was interested in MIG-25 aircraft. He also recalled that in late 1978, he attended a NATO conference in London, England, and met with Wilson while there. Wilson said he was working in Libya.

During interview March 26, 1982, Secord advised he had been to Wilson's farm on several occasions with his wife and children. He admitted going to an office in Northern Virginia with Clines for a briefing by an associate of Wilson's regarding a "super security project" that Wilson was working on. The briefing related to security devices at one of the Iranian Shah's palaces, and when Secord realized it was a "commercial pitch," he terminated the briefing and left. Wilson was present

Pages 8–13
Declassified/Released on 1/20/88
under provisions of E.O. 12356
B. Reger, National Security

4298

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

on that occasion. Secord said he and his staff had considerable influence over major decisions relating to contracting in Iran. He admitted ordering about a dozen small pocket computers that Wilson was displaying in Iran in late 1976 or early 1977, sending Wilson a check for $200 after receiving the items by mail. Secord recalled meeting Doug Schlachter in about 1978 and seeing him many times, always with Clines and usually at a bar or lounge in Northern Virginia. Secord said he bought a townhouse at Burke, Virginia, from Tom Clines as an investment in 1977, subsequently selling the house to Ed Wilson at the same price he purchased it for. Proceeds of $20,000 he got from sale of this house he invested in a house at Fort Walton Beach, Florida. He got the $20,000 in cash from Wilson at a meeting at a Northern Virginia lounge in about September, 1978. No receipt was given for this cash and he thought this cash transaction was unusual. He said others were present when this cash was personally given to him by Wilson. Secord acknowledged using a Beechcraft Baron aircraft that Wilson purchased in about September, 1978. He said he flew Wilson over his property once or twice and met Wilson's girlfriend, Bobbi Barnes, in this regard. The longest trip he made in Wilson's plane was to Miami, Florida, with Tom Clines, and he made other trips around the Washington, D. C., area and a trip to Fort Walton Beach, Florida, in it. He said he paid for the gas expended and utilized the aircraft as Wilson asked him to look after the aircraft periodically and Secord agreed to fly it occasionally. He said Jim Rhyne, an associate of Secord's who worked with Secord in the past, also flew the aircraft at Secord's request. The aircraft was ferried to Europe in 1979. Secord denied that his use of Wilson's aircraft was for any past or future favors.

In late 1978 to early 1979, he met with Wilson in London on a strictly social occasion. Secord was there with Erich Von Marbod seeing a British Government official regarding the Iranian situation. He had drinks with and chatted with Wilson on that occasion. He met Wilson next in Brussels about a year later at Wilson's request delivered by Clines. He had a few drinks with Wilson and the meeting lasted about two hours, with only he and Wilson present. Wilson appeared nervous and discussed Wilson's possibly procuring Soviet aircraft. Secord said he made no promises to Wilson and did nothing further regarding the matter.

UNCLASSIFIED
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

Secord said he and Clines, working under Ted Shackley, [redacted] and Secord [redacted] Clines [redacted] He said at present Clines is one of his few close personal friends. He has had no direct or indirect share in Clines' companies. He said Clines told him that Wilson was responsible for getting a loan (of about $300,000) for Clines which started or assisted Clines in financing his companies. Secord denied having any interest in EATSCO. He said he traveled to Egypt with Von Marbod in May, 1979, during which Secord was to negotiate an F-4 aircraft deal with the Egyptians. He never heard of Hussein Salem until the summer of 1979. He denied having anything to do with contracting relating to the freight forwarder as pertains to the U. S.-Egyptian foreign military sales credit deal and EATSCO. He said he had no advance information regarding the U. S.-Egyptian foreign military sales loan agreement. Clines told him in 1979 that he was trying to get "part of the action" as related to the contract that Hussein Salem had apparently acquired with Egypt and mentioned he was associated with a freight forwarding company, the Hobelmann Company. Secord advised he first met Von Marbod in 1972 at the Pentagon, working closely with him during 1972-1974. He said they are close professional associates and also served together in Iran in the mid-1970's. He also worked with Von Marbod on [redacted] in the early 1970's. From summer of 1973 - spring 1981, he had almost daily professional meetings with Von Marbod at the Pentagon, including work on highly classified projects regarding Egypt. He recalled that he, Clines, Von Marbod, and several others were together at various Northern Virginia places on a social basis prior to the Camp David Accords situation for casual discussions regarding current events and other matters. Secord admitted visiting Clines' Middleburg, Virginia, residence about ten times and being at the Rotonda condominium owned by Clines or Shirley Brill on one evening. He recalled being at Clines' former Vienna, Virginia, townhouse on a few occasions, also.

During interview on May 20, 1982, Secord provided additional information regarding various areas previously discussed. He admitted that Wilson was to take care of financial arrangements for the Beechcraft Baron aircraft and the gas was often paid for by the service account that had been set up for this aircraft. He denied that Wilson obtained this plane at Secord's request.

UNCLASSIFIED

SECRET
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

He said he believes he met Wilson on two occasions in Brussels, the last occasion being when Wilson mentioned the possible acquiring of Soviet aircraft. During the London trip in late 1978 or early 1979, Wilson picked him and Von Marbod up at their hotel and took them to his townhouse. After being at the townhouse a short time, they possibly went out to dinner. Present at the townhouse were Secord, Von Marbod, Wilson, Bobbie Barnes, Diane Bryne, and one of Bryne's children. Secord said he never had any conversations with Wilson regarding the Egypt-EATSCO situation and never discussed this situation with Clines prior to the service agreement being made between Egypt and EATSCO. Secord never knew the details of Clines' association with Salem. Secord said he was not associated with any business activity relating to nuclear fallout clothing while in Iran and has no recollection of any potential deal with Wilson, or associates of Wilson, regarding such clothing.

SECRET

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

SECORD AIRCRAFT USE INFORMATION

Inquiry at Page Beechcraft, Inc., Dulles International Airport, on January 19, 1982, revealed that in August, 1978, a Beechcraft Baron airplane, Model 58, 1977 model year, Serial Number TH779, and U. S. Registration Number N4577S, was purchased by Service de Financement, S.A. of Geneva, Switzerland. Ed Wilson made the initial call to Page which eventually resulted in the purchase. Total cost was $179,575, paid in three installments (August 9, 1978, September 12, 1978, and September 14, 1978). When purchased and delivered, the aircraft had 490 hours of usage already. Primary contact for invoices and other notices and records was Douglas Schlachter of Rosslyn, Virginia. The two pilots who flew the plane were Richard V. Secord and James Howard Rhyne, and operationally Rhyne was to be the main contact. In about May, 1979, Ed Wilson called Page and said they were planning to export the aircraft. In mid-August, 1979, information was received that the plane was to go to Belgium. In about September, 1979, the plane was apparently taken to Europe. Ownership of the aircraft was transferred to Skyways Aviation, Inc., in about September, 1979, and Page registered the plane to this entity on about September 10, 1979. Page records reveal that 1,000 shares of common stock of Skyways Aviation, Inc., would be issued to Ed Wilson in consideration for transfer of the aircraft to this corporation in connection with the bill of sale.

Page personnel advise the tie-down fee for this aircraft would have been $120 a month. The Beechcraft Baron (twin engine) uses about twenty gallons of gasoline per hour. (A gallon of aircraft gasoline costs about $2 as of April, 1982.) Service de Financement was to make available a $2,000 credit deposit in connection with fuel and maintenance costs for the aircraft; there were to be two users of the aircraft and they would be authorized to sign for fuel and maintenance as necessary.

James Howard Rhyne, during interview May 4, 1982, advised he has known General Secord since they served together in Southeast Asia in about 1965 [redacted] he and Secord shared ownership in a Mooney single-engine aircraft ([illegible]) during about 1974-1977. Rhyne met Ed Wilson through Secord in a social setting at Wilson's farm. In about 1977-1978, Secord told Rhyne that Wilson wanted Rhyne to look at an aircraft Wilson was considering buying. Rhyne and Secord looked at the Beechcraft Baron and Rhyne test flew it. He said the plane was loaded with

UNCLASSIFIED

SECRET
NO FOREIGN DISSEMINATION

UNCLASSIFIED

"extras" and Rhyne thought it would be a good investment. Wilson subsequently purchased the plane and Secord asked Rhyne to look after it since he then lived near Dulles Airport. Rhyne agreed. Rhyne looked after maintenance of the aircraft and flew it a total of five to six times, locally and to his home area of Lafayette, Georgia. (Rhyne did consultant work for EATSCO in about late 1979 in connection with their looking to purchase a 707 jet. He received about $5,700 for his work.) Rhyne said he was introduced by Secord to Erich Von Marbod in about 1979 at Manassas, Virginia, airport. On that occasion, Secord and Von Marbod flew together for about thirty minutes in Rhyne's aircraft. Rhyne said he was present, along with Ted Shackley and others, at the Pentagon ceremony where Secord received his second star as an Air Force General.

Analysis of Secord's flight log for the Beechcraft Baron (voluntarily provided) reveals he used the plane on 31 occasions during the period August 16, 1978 - August 25, 1979, for a total of 59 flying hours.

E

UNCLASSIFIED

Chapte
Footn 21-19

Biography
United States Air Force

Secretary of the Air Force, Office of Public Affairs, Washington, D.C. 20330

MAJOR GENERAL RICHARD V. SECORD

N 16288

retires 1 May 83

Major General Richard V. Secord is deputy assistant secretary of Defense for international security affairs (Near East, Africa and South Asia affairs), Washington, D.C.

General Secord was born July 6, 1932, in La Rue, Ohio, and graduated from high school in Columbus, Ohio, in 1950. He entered the U.S. Military Academy, West Point, N.Y., in 1951, and graduated in 1955 with a bachelor of science degree and a commission in the U.S. Air Force. He received a master of science degree in international affairs from The George Washington University, Washington, D.C., in 1972. He is also a graduate of the Air Command and Staff College at Maxwell Air Force Base, Ala., and the Naval War College, Newport, R.I.

He entered pilot training at Marianna, Fla., after graduation from the academy, and received his pilot wings in August 1956 at Greenville Air Force Base, Miss. He then served as an instructor pilot in single-engine jet basic pilot training from 1956 until 1959 at Laredo Air Force Base, Texas. From 1959 until 1961, General Secord was assigned as a flight instructor and operations officer at Tinker Air Force Base, Okla., flying jet trainers and transports including T-33s, U-3s, C-54s and C-97s.

In August 1961 he was selected to serve with a special volunteer tactical organization which was formed at Hurlburt Field, Fla. He remained with this unit, later designated as the 1st Air Commando Wing, until 1965. During this four-year assignment General Secord had numerous extended temporary duty tours in overseas areas. In March 1962 he was assigned as an adviser to the Republic of Vietnam, flying Vietnamese air force AT-28s, during which time he logged more than 200 combat missions. Beginning in January 1963 he served for six months in Iran working with the Iranian air force as an adviser on air-ground operations. General Secord again was assigned on temporary duty tours in Iran from January to May 1964 and from January until March 1965, working on joint operations.

The general then served as chief of the Tactical Operations Division, 1st Air Commando Wing, until July 1965 when he entered the Air Command and Staff College. After graduation in 1966, he returned to the Republic of Vietnam as an air operations officer in Saigon. Transferring to Udorn Royal Thai Air Force Base, Thailand, in August 1966, he served as an air adviser until August 1968. He flew 285 combat missions while serving in Southeast Asia.

From September 1968 to November 1969, General Secord was assigned to Eglin Air Force Base, Fla., as assistant deputy chief of staff for operations, U.S. Air Force Special Operations Force, Tactical Air Command. He then took command of the 603rd Special Operations Squadron

(Current as of February 1982)

OVER

at Hurlburt Field, flying A-37B's. He served as squadron commander until 1971 when he entered the Naval War College.

After graduation from the Naval War College in June 1972, General Secord was assigned as a staff assistant in the Office of the Secretary of Defense, Washington, D.C. His duties included serving as desk officer for Laos, Thailand and Vietnam under the assistant secretary of Defense for international security affairs. In July 1973 he assumed the position of executive assistant to the director, Defense Security Assistance Agency, under the secretary of Defense.

In March 1975 General Secord was named deputy commander for operations, 29th Flying Training Wing, Craig Air Force Base, Ala. In this position he was responsible for pilot training in T-37s and T-38s in three squadrons.

General Secord was appointed chief, Air Force Section, Military Assistance Advisory Group, Iran, in September 1975. While there he acted as chief adviser to the commander in chief of the Iranian air force, and managed all U.S. Air Force programs in Iran as well as some Army and Navy security assistance programs.

Following his return to the United States in July 1978, he was appointed director of military assistance and sales, Office of the Deputy Chief of Staff, Logistics and Engineering, Headquarters U.S. Air Force, Washington, D.C. In January 1979 General Secord was named director of international programs, Office of the Deputy Chief of Staff for Programs and Evaluation. He assumed his current duties in April 1981.

General Secord is a command pilot with more than 4,500 flying hours. His military decorations and awards include the Distinguished Service Medal, Legion of Merit, Distinguished Flying Cross, Meritorious Service Medal, Air Medal with two oak leaf clusters, Air Force Commendation Medal, Republic of Thailand Most Exalted Order of the White Elephant and Republic of Korea Order of National Security Merit Cheonsu Medal.

He was promoted to major general May 1, 1980, with date of rank July 1, 1976.

General Secord is married to the former Jo Ann Gibson of Oklahoma City. They have three children: Julie, John and Laura. His hometown is Fort Walton Beach, Fla.

-30-

Chapter 21
Footnote 23 21-23 [redacted]

ACTION 2

[redacted] [redacted]

REPRODUCTION BY OTHER THAN ISSUING OFFICE IS PROHIBITED

Aug 18 5 44 AM '76

S E C R E T

STAFF PRECEDENCE

VR [redacted]

ACTION COPY

[redacted] [redacted]

[redacted]

C 7147

PAGE 01

TOR:18 [redacted] AUG 76

[redacted]

S E C R E T 18 [redacted] AUG 76 STAFF

CITE [redacted]

TO: IMMEDIATE DIRECTOR INFO [redacted]

[redacted]

REF: DIRECTOR 900015 [redacted]

1. [redacted]

ALBERT HAKIM -

2. STANFORD TECHNOLOGY CORP (STC) HAD CONTRACT WITH IIAF FOR COMMUNICATIONS SURVEILLANCE SYSTEM WHICH WAS DETERMINED BY SUPREME COMMANDER'S STAFF (SCS) TO BE DISADVANTAGEOUS TO IRANIAN SIDE. CONCLUSIONS OF SCS SPECIAL GROU[illegible] JAN 76 [redacted] WERE THA[illegible] HAD TA[illegible] ADVANTAGE OF IIAF AND HAD SUCCEEDED IN UNLOADING QUANTITY [illegible] UNNEEDED OVERSOPHISTICATED EQUIPMENT AT EXORBITANT PRICES. CONTRACT WAS TERMINATED BY SCS CHAIRMAN AT R[illegible] SPECIAL GROUP AND EQUIPMENT THAT HAD ALREADY BE[illegible]ED WAS DISTRIBUTED AMONG IIAF ELEMENTS. CONTRACT HAD BEEN SIGNED BY [redacted] WITHOUT CLEARANCE OF HIS SUPERIORS AND

Par... y Declassified/Released on 4/20/88 under provisions of E.O. 12356 by B. Reger, National Security Council

DOC. MICRO. SER.
1983
MICROFILMED

82-6841

4299

C11M2963

REVIEWED FOR RELEASE
Date 28 APR 1987

RECORD COPY

DO [illegible] 93738 AUG 76
3 1/2

210

CABLE SEC DISSEM BY [redacted] RUN BY

SECRET

REPRODUCTION BY OTHER TH
ISSUING OFFICE IS PROHIBIT

ADVANCE COPY BY AT Z

ACTION UNIT VR

ACTION

STAFF	
1	4
2	5
3	6

C 7148

[redacted]

PAGE 02-02 IN 012697

TOR:18 [redacted] AUG 76 [redacted]

[redacted] HAS CCME UNDER CRITICISM AS RESULT.

3. [redacted]

4. IN VEIW UNSAVORY REPUT[redacted] OF STC HERE AND [redacted] x Take Action Ref.
[redacted] P[redacted] NOT [redacted] APPREICATE HEADQUARTER
HAVING
IDENTIFIED THIS OPPORTUNITY. [redacted] IMPDET

[redacted]

C11N 2963

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

SECRET

UNCLASSIFIED

224

OUTGOING MESSAGE

SIGNAL CENTER USE ONLY

OMF [redacted] 0 0 0

PAGE OF PAGES 1 2

S E

STAF 17 DIRECTOR

MESSAGE REFERENCE NUMBER 900016

CONF: FILE

0 INDEX DISSEM BY [redacted]

0 NO INDEX

0 RETURN TO PER

0 IN FILES C 7149

TO: IMM

REF: DIRECTOR 900015 Y

IDEN TO DIR-900015, 17 AUG 76

1. IDEN: MR. ALBERT HAKIM, BORN TEHRAN IN 1936, OF JEWISH PARENTAGE. GRADUATED 1958 WITH BSEE DEGREE FROM CALIFORNIA POLYTECH. MARRIED, TWO CHILDREN, RESIDE[redacted]GEX, FRANCE, BUT ALSO MAINTAINS RESIDENCE IN TEHRAN. HE IS A OWNER OF AND EUROPEAN REPRESENTATIVE OF THE STANFORD TECHNOLOG RPORATION OF MOUNTAIN VIEW, CALIFORNIA. HAKIM IS ALSO PRE NT OF MULTICORP INTERNATIONAL, LTD., 130 SORAYA AVENUE, TEHRA D OF IRANIAN INTERNATIONAL INVESTMENT COMPANY OF TEHRAN AND APPEARS HEAVILY ENGAGED IN THE EXPORT OF AMERICAN OPEN MARKET TECHNOLOGY TO IRAN AND OTHER PARTS OF THE MIDDLE EAST. HE PURPORTS TO BE CURRENTLY IN PROCESS OF SELLING STANFORD TECHNOLOGY CORPORATION INTEGRATED SECURITY SYSTEM TO IRANIANS WHICH DEALS WITH COMMUNICATIONS SURVE[redacted]LE DIRECTION FINDING AND TELEPHONE MONITORING, AS WE CONTRACT TO SELL SAVAK EXTENSIVE TELEPHONE MONITORING SYSTE IN TH MILLION DOLLAR PRICE RANGE.Y

DATE:
ORIG:
UNIT:
EXT:

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

DOC. MICRO.
DEC 0 3 1983
MICROFILMED

C/IN 2964

DO 3 1/2

9372 17 AUG 76 [redacted]

RELEASING OFFICER

RECORD COPY

CLASSIFICATION

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED E 2 IMPDET

UNCLASSIFIED

Par y Declassified/Released on
under provisions of E
B. Reger, National Secu

UNCLASSIFIED

OUTGOING MESSAGE

2972

SIGNAL CENTER USE ONLY

0 0 0 0 [redacted]

C 7150 2 2

S [redacted]

INFO: FILE

900016

0 DISSEM BY:

0

0 PER

0

[redacted] HAKIM'S [redacted] IRANIAN CONTACTS ARE: [redacted]

3. ONLY POSSIBLE IDENTIFIABLE DERROGATORY TRACE IS 15 OCT 54 INFO THAT ONE ALBERT HAKIM, A[redacted]PLOYEE OF [redacted] [redacted]AS ARRESTED ON 5 OCT 54 BUT RELEASED THE FOLLOWING DAY FOR [redacted] OF ADMISSABLE EVIDENCE. HIS ARREST WAS DUE TO THE FACT THAT HIS [redacted] WAS DISCOVERED IN PAPERS BELONGING TO [redacted] IN ADDITION, HAKIM APPEARS TO HAVE BEEN INFLUENTIAL IN [redacted] FURTHERING ISRAELI MILITARY EQUIPMENT EXPORTS TO IRAN WHILE AN EMPLOYEE OF [redacted] OWNER OF A COMPANY WHICH REPORTEDLY ACTS AS A CONDUIT IN THIS REGARD.#

C/IN 2965

DEC 28 '83 I

[redacted]

DATE: 17 AUGUST 7[redacted]
ORIG: [redacted]
UNIT:
EXT:

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

ADDO

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED

UNCLASSIFIED

E 2 IMPDET
CL BY:

SECRET

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

223

OUTGO G ESSAGE

13-2

0 0 0

OMF [redacted]

S E

STAFF

CONF

[redacted] C 7151 1 2

17 [redacted] DIRECTOR

900035

0 DISSEM BY: [redacted]

0

0 PER

0 #

FILE [redacted]

TO: IMMI [redacted]

[redacted]

ALBERT HAKIM

1. IDEN, [redacted] CONTACT OF ADDO SHACKLEY, IS NOW IN TEHRAN SEEKING INFORMATION RELEVANT TO POSSIBLE BIDDING ON IRANIAN MILITARY BASE PERIMETER SECURITY SENSOR SYSTEMS WHICH HE UNDERSTANDS TO BE SUBJECT OF ONGOING DISCU[redacted]NS BETWEEN U.S. AND IRANIAN DEFENSE AUTHORITIES. HE APPEARS TO HA[redacted]AD DIFFICULTY IN LEARNING FROM HIS IRANIAN CONTACTS EXACTLY WHAT [redacted]EM PHILOSOPHIES ARE INVOLVED AND WHAT, IF ANY, U.S. SPECIFICAT[redacted] MAY HAVE BEEN AGREED UPON. HE WOULD BENEFIT FROM [redacted] INTRODU[redacted]N TO DEF REP VON MARBOD AND/OR BGEN SEACORD TO PURSUE THIS FURTHER.

[redacted]

UNCLASSIFIED Par ; Declassified/Released on
under provisions of E.O. 12356
by B. Reger, National Security Council

DATE:
UNIT: 2966
EXT:

REVIEWED FOR RELEASE
Date 18 APR 1987
RELEASING OFFICER
NSC; SSC

DOC. MICRO. SER.
3 1983
MICROFILMED

[redacted]

1/2
~~69571~~
17 AUG 76

CLASSIFICATION
SECRET

RECORD COPY

REPRODUCTION BY OTHER THAN THE ISSUING OFFICE IS PROHIBITED . E 2 IMPDET

UNCLASSIFIED 224

OUTGOING MESSAGE

CMF 0 [redacted] 0 . 0 . 0 0 C 7152 2

SECRET

STAFF

CONF:

DIRECTOR 900015

DISSEM BY:

PER

[redacted]

2 [redacted]

4 —

3. PLEASE ADVISE YOUR IMMEDIATE VIEWS [redacted] WE UNDERSTAND IDEN MAY BE [redacted] ON THIS VISIT ONLY UNTIL 20 AUGUST. E-2, IMPDET.

[redacted]

CIIN 2966

DEC 28 '83 I

DATE: 17 AUGUST 1976
ORIG: [redacted]
UNIT:
EXT:

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

ADDO
RELEASING OFFICER

[redacted] IN DRAFT)

UNCLASSIFIED

REPRODUCTION

E 2 IMPDET
CL BY: [redacted]

UNCLASSIFIED

022

DD/O 76-5746

[redacted]

16 August 1976

C 7153

[redacted]

MEM[illegible]UM FOR THE RECORD

SUBJECT: Mr. Albert Hakim, Iranian National and Import/Exporter

REF: DDO[redacted]dated 5 August 1976

1. On 15 August 1976 Mr. Shackley was advised by his American contacts in the import/export f[redacted]hat Mr. Albert Hakim, Iranian national and import/exporter, was pas[redacted]rough Washington enroute to Tehr Mr. Shackley's contacts also i[redacted]ed that Mr. Hakim would probably departing Washington for Tehr[redacted]16 August. As a result of this inf mation, on 16 August 1976 Mr. [redacted]ley reviewed the Referenced men randum with[redacted]in order to determine th

[redacted]

Partially Declassified/Released on 7/20/87 under provisions of E.O. 12356 by B. Reger, National Security Council

C/IN 2967

E-2, IMPDET
CL BY [redacted]

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

RECORD COPY

DO [illegible]9370
3 1/2

[redacted]

16 AUG 76

UNCLASSIFIED

226

-2-

C 7154

[redacted] a straightforward presentation on what they envisioned would be for the perimeter security system which the install at their bases. In short, Mr. Hakim would be perception of what kind of a system was being thought with this data he would then have to bid on obtaining contracts system which the Iranians wanted. Mr. Hakim's bid would have to go through the normal competitive bid channels which the United States or the Iranian Government might use in setting up a program for such a system. In other words, if the Iranians purchased a perimeter defense security system through the use of FMS credits, Mr. Hakim would have to submit his bids in accordance with standard FMS guidelines. If, on the other hand, the Iranians decided to buy a security system on the open market, Mr. Hakim would hav[redacted]bid on this Iranian contract under the provisions of whatever were th[redacted]mal Iranian contract-letting procedures. In short, Mr. Clines' introduc[redacted] Mr. Hakim to Mr. Von Marbod and General Seacord would give M[redacted]kim no commercial advantage per se. Given the Middle East style of [redacted] business, however, the fact that Mr. Clines had made an introducti[redacted]een Mr. Hakim and individuals like Mr. Von Marbod, should resu[redacted]Mr. Hakim being willing to respond to a request for assistance from [redacted] Clines. The assistance that Mr. Clines would seek would be to establi[redacted]Mr. Hakim now had or could develop a

[redacted]

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

C11N2967

UNCLASSIFIED

3-112

UNCLASSIFIED

227

C

-3-

C 7155

[redacted]

2. On 16 August Mr. Shackley contacted an American businessman who had been in touch with Mr. Hakim during the latter's brief transit of Washington enroute to Tehran. This conversation revealed that it had recently become apparent to the American businessman that Mr. Hakim is of Jewish background. In addition, the American businessman has recently established that Mr. Hakim is a 51% stockholder in the Stanford Technical Corporation of Mountainview, California.

I

Theodore Shackley
Theodore G. Shackley
Associate Deputy Director for Operations

Distribution:
1 - DDO
[redacted]
2 - ADDO

A

C//N 2967

REVIEWED FOR RELEASE
Date 18 APR 1987
HSC & SSC

DO 009368
3 1/2

UNCLASSIFIED

Chapter 21
Footnote 23

228
C 7156

UNCLASSIFIED
SECRET

[redacted]

5 August 1976

[redacted]

MEMORANDUM FOR THE RECORD

SUBJECT: Mr. Albert Hakim, Iranian National and Import/Exporter Dealing Primarily in Security Systems and Technology of Interest to Military Establishments and Intelligence Services

1. Background: In the period May to August 1976, [redacted] [redacted] had collected numerous references to Mr. Albert Hakim, born 1936 in Tehran, Iran, which indicated that this gentleman was an influential factor in the export of American open market technology to countries like Iran and Egypt. [redacted] The synthesis of the data which was obtained in the May to August 1976 time frame can be outlined as follows:

a. Educational Background: Mr. Hakim is a 1958 graduate with a BSEE degree from California Polytech. Mr. Hakim considers himself a specialist in electronics, particularly insofar as this area of technology relates to the problems of military establishments and intelligence services.

b. Marital Status: Mr. Hakim is married and has two children. The children attend school in Switzerland.

c. Residence: Mr. Hakim resides officially in Gex, France, but he also maintains a residence in Tehran, Iran. In addition, he is a frequent visitor to the home offices of Stanford Technology Corporation, 510 Logue Avenue, Mountain View, California 94040. In addition Mr. Hakim spends a lot of time in Geneva, Switzerland.

d. Commercial Structure: Mr. Hakim is involved in a number of commercial enterprises. In discussions which deal with potential exports from the U.S. to Iran, he represents himself as the President of Multicorp International, Ltd., 130 Soraya Avenue, Tehran, Iran. In

PC
8-17-87

CIN 2968

DO 9367 3 11

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

UNCLASSIFIED
SECRET

E-2, IMPDET
CL BY [redacted]
05 AUG 76

3450

227

C 7157

UNCLASSIFIED

SECRET

other conversations he indicates that he is the European representative for the Stanford Technology Corporation with a mailing address of P.O. Box 52, 1211 Geneva, 24 Switzerland.

e. Type of Business: Mr. Hakim has let it be known that he is currently in the process of selling the RDJ-9,000 Security System of the Stanford Technology Corporation to Iran. This is an integrated security system which deals with communications surveillance, mobile direction finding and telephone monitoring. [redacted]

2. Assessment: [redacted]

[redacted] Mr. Hakim is quite anxious to play a pivotal role in the Iranian purchase of American technology. As a result, Mr. Hakim is casting about for contacts in the U.S. Government with whom he can find a mutuality of interest concerning Iranian attempts to procure hardware in the U.S. [redacted]

[redacted]

C11N0968

REVIEWED FOR RELEASE

Date 28 APR 19

UNCLASSIFIED

SECRET

9366 - 3 1/2

230

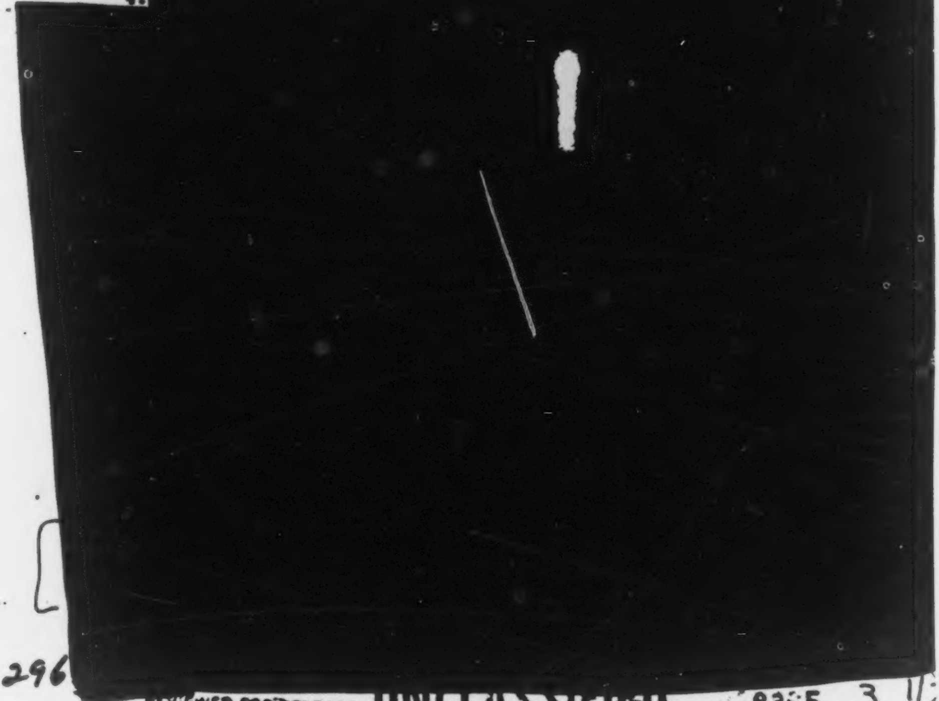
UNCLASSIFIED

SECRET

C 7158

3.

4.



C1/N 296

REVIEWED FOR RELEASE
28 APR 1997

UNCLASSIFIED

SECRET

59365 3 1/

UNCLASSIFIED
SECRET

2 31
C 7159

[redacted]

[redacted]

Theodore G. Shackley
Theodore G. Shackley
Associate Deputy Director for Operations

Distribution
1 - [redacted]
1 - DDO
2 - ADDO
1 - [redacted]

A
DO 00364
3 1/2

C11N2968

REVIEWED FOR RELEASE
Date 28 APR 1987
HSC & SSC

UNCLASSIFIED
SECRET

Chapter 21, Foot 21-24

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-132

SECORD INTERVIEWS

During initial interview on December 17, 1981, General Secord was advised that on a recent CBS Television interview with Douglas Schlachter, allegations were made that Secord and Edwin Wilson worked together to sell military equipment in Iran and attempted to obtain Russian weapons from Libya. General Secord said these allegations were absolutely false as his relationship with Wilson was strictly social. He said he has never entered into any type of business arrangement with Wilson, his companies, or associates. He said further that he never participated with Wilson in any type of intelligence operations nor has he at any time received any money or gratuities from Wilson or his associates. He said he met Wilson about ten years ago at a party, being introduced by Tom Clines. He had known Clines since both served together in Southeast Asia, with both later attending the Naval War College at Rhode Island together in 1971. Secord recalled that from 1972 to 1974, he saw Wilson on a social basis about ten times, having lunch together. He could not remember ever visiting Wilson's farm although invited many times by Wilson. In the summer and fall of 1976, he and Wilson had dinner together in Iran, with Wilson's wife present on one occasion. Wilson told Secord he was working with the Iranian Secret Police and U. S. Naval Intelligence. After returning to the U. S. in June, 1978, he saw Wilson on a social basis. Secord said he has had no contact with Wilson for the past two and a half years and last saw him in Brussels, Belgium, in February or March, 1979, while attending an official Government function. At this meeting, Wilson asked Secord if he was interested in MIG-25 aircraft. He also recalled that in late 1978, he attended a NATO conference in London, England, and met with Wilson while there. Wilson said he was working in Libya.

During interview March 26, 1982, Secord advised he had been to Wilson's farm on several occasions with his wife and children. He admitted going to an office in Northern Virginia with Clines for a briefing by an associate of Wilson's regarding a "super security project" that Wilson was working on. The briefing related to security devices at one of the Iranian Shah's palaces, and when Secord realized it was a "commercial pitch," he terminated the briefing and left. Wilson was present

Pages 8–13
Par Declassified/Released on 1/20/88
under provisions of E.O. 12356
by B. Reger, National Security Council

4298

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

on that occasion. Secord said he and his staff had considerable influence over major decisions relating to contracting in Iran. He admitted ordering about a dozen small pocket computers that Wilson was displaying in Iran in late 1976 or early 1977, sending Wilson a check for $200 after receiving the items by mail. Secord recalled meeting Doug Schlachter in about 1978 and seeing him many times, always with Clines and usually at a bar or lounge in Northern Virginia. Secord said he bought a townhouse at Burke, Virginia, from Tom Clines as an investment in 1977, subsequently selling the house to Ed Wilson at the same price he purchased it for. Proceeds of $20,000 he got from sale of this house he invested in a house at Fort Walton Beach, Florida. He got the $20,000 in cash from Wilson at a meeting at a Northern Virginia lounge in about September, 1979. No receipt was given for this cash and he thought this cash transaction was unusual. He said others were present when this cash was personally given to him by Wilson. Secord acknowledged using a Beechcraft Baron aircraft that Wilson purchased in about September, 1978. He said he flew Wilson over his property once or twice and met Wilson's girlfriend, Bobbi Barnes, in this regard. The longest trip he made in Wilson's plane was to Miami, Florida, with Tom Clines, and he made other trips around the Washington, D. C., area and a trip to Fort Walton Beach, Florida, in it. He said he paid for the gas expended and utilized the aircraft as Wilson asked him to look after the aircraft periodically and Secord agreed to fly it occasionally. He said Jim Rhyne, an associate of Secord's who worked with Secord in the past, also flew the aircraft at Secord's request. The aircraft was ferried to Europe in 1979. Secord denied that his use of Wilson's aircraft was for any past or future favors.

In late 1978 to early 1979, he met with Wilson in London on a strictly social occasion. Secord was there with Erich Von Marbod seeing a British Government official regarding the Iranian situation. He had drinks with and chatted with Wilson on that occasion. He met Wilson next in Brussels about a year later at Wilson's request delivered by Clines. He had a few drinks with Wilson and the meeting lasted about two hours, with only he and Wilson present. Wilson appeared nervous and discussed Wilson's possibly procuring Soviet aircraft. Secord said he made no promises to Wilson and did nothing further regarding the matter.

UNCLASSIFIED
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

Secord said he and Clines, working under Ted Shackley, [redacted] Clines [redacted] and Secord [redacted] He said at present Clines is one of his few close personal friends. He has had no direct or indirect share in Clines' companies. He said Clines told him that Wilson was responsible for getting a loan (of about $300,000) for Clines which started or assisted Clines in financing his companies. Secord denied having any interest in EATSCO. He said he traveled to Egypt with Von Marbod in May, 1979, during which Secord was to negotiate an F-4 aircraft deal with the Egyptians. He never heard of Hussein Salem until the summer of 1979. He denied having anything to do with contracting relating to the freight forwarder as pertains to the U. S.-Egyptian foreign military sales credit deal and EATSCO. He said he had no advance information regarding the U. S.-Egyptian foreign military sales loan agreement. Clines told him in 1979 that he was trying to get "part of the action" as related to the contract that Hussein Salem had apparently acquired with Egypt and mentioned he was associated with a freight forwarding company, the Hobelmann Company. Secord advised he first met Von Marbod in 1972 at the Pentagon, working closely with him during 1972-1974. He said they are close professional associates and also served together in Iran in the mid-1970's. He also worked with Von Marbod on [redacted] in the early 1970's. From summer of 1973 - spring 1981, he had almost daily professional meetings with Von Marbod at the Pentagon, including work on highly classified projects regarding Egypt. He recalled that he, Clines, Von Marbod, and several others were together at various Northern Virginia places on a social basis prior to the Camp David Accords situation for casual discussions regarding current events and other matters. Secord admitted visiting Clines' Middleburg, Virginia, residence about ten times and being at the Rotonda condominium owned by Clines or Shirley Brill on one evening. He recalled being at Clines' former Vienna, Virginia, townhouse on a few occasions, also.

During interview on May 20, 1982, Secord provided additional information regarding various areas previously discussed. He admitted that Wilson was to take care of financial arrangements for the Beechcraft Baron aircraft and the gas was often paid for by the service account that had been set up for this aircraft. He denied that Wilson obtained this plane at Secord's request.

UNCLASSIFIED

SECRET
NO FOREIGN DISSEMINATION

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

He said he believes he met Wilson on two occasions in Brussels, the last occasion being when Wilson mentioned the possible acquiring of Soviet aircraft. During the London trip in late 1978 or early 1979, Wilson picked him and Von Marbod up at their hotel and took them to his townhouse. After being at the townhouse a short time, they possibly went out to dinner. Present at the townhouse were Secord, Von Marbod, Wilson, Bobbie Barnes, Diane Bryne, and one of Bryne's children. Secord said he never had any conversations with Wilson regarding the Egypt-EATSCO situation and never discussed this situation with Clines prior to the service agreement being made between Egypt and EATSCO. Secord never knew the details of Clines' association with Salem. Secord said he was not associated with any business activity relating to nuclear fallout clothing while in Iran and has no recollection of any potential deal with Wilson, or associates of Wilson, regarding such clothing.

UNCLASSIFIED

SECRET NO FOREIGN DISSEMINATION

AX 58-222
AX 58-223
AX 206A-182

SECORD AIRCRAFT USE INFORMATION

Inquiry at Page Beechcraft, Inc., Dulles International Airport, on January 19, 1982, revealed that in August, 1978, a Beechcraft Baron airplane, Model 58, 1977 model year, Serial Number TH779, and U. S. Registration Number N4577S, was purchased by Service de Financement, S.A. of Geneva, Switzerland. Ed Wilson made the initial call to Page which eventually resulted in the purchase. Total cost was $178,575, paid in three installments (August 8, 1978, September 12, 1978, and September 14, 1978). When purchased and delivered, the aircraft had 490 hours of usage already. Primary contact for invoices and other notices and records was Douglas Schlachter of Rosslyn, Virginia. The two pilots who flew the plane were Richard V. Secord and James Howard Rhyne, and operationally Rhyne was to be the main contact. In about May, 1979, Ed Wilson called Page and said they were planning to export the aircraft. In mid-August, 1979, information was received that the plane was to go to Belgium. In about September, 1979, the plane was apparently taken to Europe. Ownership of the aircraft was transferred to Skyways Aviation, Inc., in about September, 1979, and Page registered the plane to this entity on about September 10, 1979. Page records reveal that 1,000 shares of common stock of Skyways Aviation, Inc., would be issued to Ed Wilson in consideration for transfer of the aircraft to this corporation in connection with the bill of sale.

Page personnel advise the tie-down fee for this aircraft would have been $120 a month. The Beechcraft Baron (twin engine uses about twenty gallons of gasoline per hour. (A gallon of aircraft gasoline costs about $2 as of April, 1982.) Service de Financement was to make available a $2,000 credit deposit in connection with fuel and maintenance costs for the aircraft; there were to be two users of the aircraft and they would be authorized to sign for fuel and maintenance as necessary.

James Howard Rhyne, during interview May 4, 1982, advised he has known General Secord since they served together in Southeast Asia in about 1965 [redacted] he and Secord shared ownership in a Mooney single-engine aircraft (N7[illegible]247) during about 1974-1977. Rhyne met Ed Wilson through Secord in a social setting at Wilson's farm. In about 1977-1978, Secord told Rhyne that Wilson wanted Rhyne to look at an aircraft Wilson was considering buying. Rhyne and Secord looked at the Beechcraft Baron and Rhyne test flew it. He said the plane was loaded with

UNCLASSIFIED

SECRET NO FOREIGN DISSEMINATION

UNCLASSIFIED

"extras" and Rhyne thought it would be a good investment. Wilson subsequently purchased the plane and Secord asked Rhyne to look after it since he then lived near Dulles Airport. Rhyne agreed. Rhyne looked after maintenance of the aircraft and flew it a total of five to six times, locally and to his home area of Lafayette, Georgia. (Rhyne did consultant work for EATSCO in about late 1979 in connection with their looking to purchase a 707 jet. He received about $5,700 for his work.) Rhyne said he was introduced by Secord to Erich Von Marbod in about 1979 at Manassas, Virginia, airport. On that occasion, Secord and Von Marbod flew together for about thirty minutes in Rhyne's aircraft. Rhyne said he was present, along with Ted Shackley and others, at the Pentagon ceremony where Secord received his second star as an Air Force General.

Analysis of Secord's flight log for the Beechcraft Baron (voluntarily provided) reveals he used the plane on 31 occasions during the period August 16, 1978 - August 25, [illegible], for a total of 59 flying hours.

E

UNCLASSIFIED

Chapter 21-25
Footnote

UNCLASSIFIED

SECRET
NO FOREIGN DISSEMINATION

AX 58-222
AX 58-223
AX 206A-182

CLINES INTERVIEW

During interview on March 23, 1982, Thomas G. Clines advised as follows:

He said in approximately August, 1981, the "New York Times" newspaper started a series of articles about Ed Wilson which linked Clines to Wilson. As a result, Hussein Salem told Clines that Egyptian Government officials were very upset that Clines was associated with EATSCO, due to his reported Wilson connections in the past, as this could possibly have some ramifications of an adverse nature for the Egyptian Government. As a result, in September, 1981, Salem approached Clines and wanted him to sign a document which was written in legal terms by Salem which in effect put Clines on a four-month leave of absence commencing on approximately September 15, 1981. After the four-month leave of absence was over, Salem told Clines that the Government of Egypt had had it with Clines due to further innuendoes about Clines' association with Wilson, and it would be necessary for Clines to terminate any ownership he had with EATSCO. Clines acknowledged that at that time his interest in EATSCO was a 49% ownership. As a result, he said in approximately mid-January, 1982, he severed his relationship with EATSCO. He said Salem agreed to buy out Clines' interest in EATSCO and the finalization of this purchase was still in a pending state. He declined to provide information as to the amount of the settlement pending.

[redacted]

Clines said in the past three years his foreign travel has mostly been to Europe, Mexico, and Egypt. His travel to Europe and Mexico was in connection with API Distributors, Inc., and his travel to Egypt was in connection with EATSCO business.

4300

UNCLASSIFIED

Pages 28-32
[illegible] Released on 1/20/88
under provisions of E.O. 12356
[illegible] Reger, National Security Council

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

Clines said he heard Hussein Salem's name "around town" in about the spring of 1979, and he also heard that Salem was living in the Ramada Inn at Tyson's Corner, Virginia. Clines said that Ramada Inn had been a CIA "watering spot" in the past. He said he heard that Salem had an office next to the Ramada Inn, at 7777 Leesburg Pike, Falls Church, Virginia. Clines was associated with Systems Services International, Inc. (SSI), at that time, and he went in and saw Salem at his office and provided him with one of his brochures. He told Salem that he had heard that Salem was holding a contract with Egypt for the shipment to Egypt of a very large amount of U. S.-purchased military equipment and he wanted to assist Salem in connection with this contract. Clines told Salem that he had worked with Rolf Graage with the R. G. Hobelmann freight forwarding company in Baltimore in the past and had a good contact in this regard. Salem liked his SSI brochure and indicated he wanted the independence of working with a person like Clines rather than working with a large established freight forwarder. Clines noted that the brochure he provided Salem said that Clines had good contacts in the Government including at the CIA and at The Pentagon as well as elsewhere. Salem realized that he (Clines) had contact with the R. G. Hobelmann network and that they could handle the job. Salem also realized that he would be in tight control of the freight forwarder by having Clines as a 49% co-partner in what eventually became EATSCO. Subsequently, he put up approximately $49,000 and Salem put up approximately $51,000 to establish EATSCO. There was about a month of negotiation between his attorney, Barbara Rossotti of Washington, D. C., and Salem's attorney, a first name unknown Zuckerman, from New York City, New York. From talking with Salem, he learned that Salem was a businessman who had worked in Europe, primarily in Switzerland, in the past. Salem implied that he had been in the United States for several months when Clines initially met him in about the spring of 1979.

Clines said EATSCO was incorporated in Delaware in August, 1979, and is an American entity formed by two American corporations: Systems Services International, Inc., which was totally owned by Clines, and Tersam, USA, which is totally owned by Salem.

UNCLASSIFIED
NO FOREIGN DISSEM

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

He was concerned that in his dealings with Salem in forming EATSCO that there be no silent partner, or behind the scene owners, who he was not aware of or familiar with. He understands that Tersam was possibly originally a Panamanian company, and in his negotiation with Salem, he told Salem to set up Tersam, USA. When Tersam, USA, was set up, he said he would go into a partnership business with Salem but would not do so until this had occurred. He insisted on this in order to protect himself from Salem having any possible silent partners or backers who Clines was not aware of.

Clines told Rolf Graage, who is the owner of the R. G. Hobelmann Company, that if he became a co-partner with Salem, Clines would favor Graage as a freight forwarder in connection with the contract with Egypt for shipment of U. S.-purchased military equipment. After Salem saw Hobelmann's facilities, he agreed to go along with favoring Hobelmann rather than with any bigger firm as Salem feared a larger firm might try to take over his (Salem's) business.

Clines said that the contacts with the high officials of the Egyptian Government were Salem's, and it was Clines' impression that Salem had contacts of the highest level with that Government. Clines said he met General Abou Ghazala, the Egyptian Military Attache in Washington, D. C., through Salem and knows General Ghazala well. Clines said that as an owner of EATSCO, he signed the EATSCO service contract with the Egyptian Government, and he noted General Ghazala signed it for the Egyptian Government. (General Ghazala is now Defense Minister.) He also knows Egyptian General Mounir Sabet from Sabet's association with the Egyptian Military Attache's Office in Washington and resultant contacts with EATSCO. He was also familiar with (Kamal) Hassan Ali who also had contact with EATSCO in the past. (Ali is now the Egyptian Foreign Minister.) He said Salem handled all the major contacts in connection with EATSCO and its business.

He recalls that he met Erich Von Marbod at The Pentagon with Salem on one or two occasions. The contacts with Von Marbod were in his position with DSAA as pertained to the EATSCO contract, and the meetings were official meetings.

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

Clines said that General Richard Secord is a "super personal close friend of mine." He has known Secord since 1967 [redacted] and he has maintained contact with Secord over the years. He has had no financial association with Secord in the past or presently except he believes he sold a townhouse in the Burke, Virginia, area to Secord in the past. He possibly made $2,000 on this sale and thinks Secord was assigned in Iran at that time.

Clines said he possibly first met Erich Von Marbod in Southeast Asia in the late 1960's when Von Marbod was possibly the Comptroller with the U. S. Department of Defense. He recalled that Von Marbod was closely associated with the Vietnam-Laos situation from a logistics standpoint. Von Marbod is "a friend" of his but he has not talked to him in about one to one and a half years. He has been out with Von Marbod socially on occasion but does not consider him a close social friend. He has not been to Von Marbod's home, but said Von Marbod may have "dropped by" Clines' place on one occasion.

Clines believes he initially met Ed Wilson in about 1964 when Clines [redacted] He said Wilson did not work with him in [redacted] He has not seen Wilson for a couple of years, and believes he last saw Wilson prior to his being indicted. He last talked to Wilson about nine to ten months ago telephonically.

Clines said Wilson was instrumental in Clines' obtaining a loan which helped him get started in business after Clines' retirement from CIA. This occurred in 1978 and the loan has since been paid back to the people it was borrowed from that Wilson put Clines in touch with indirectly. The loan was primarily to set up International Research and Trade, Limited (IRT) which became an "umbrella" company for two other companies of Clines', SSI and API Distributors, Inc. He said the above three companies and EATSCO were the only four companies that he has set up. To his knowledge, Wilson did not even know the name of EATSCO as being a company of Clines.

Clines said he owns two condominium apartments in the Rotonda at McLean, Virginia, a house in Vienna, Virginia, where his wife resides, a house in Middleburg, Virginia, where he resides, and a house at Shawnee Land in the Shenandoah Valley

UNCLASSIFIED

AX 58-222
AX 58-223
AX 206A-182

near Winchester, Virginia, which he rents out to one party year-round. He said at one time he owned a townhouse on Glengyle Street near Vienna, Virginia, but sold this sometime ago.

UNCLASSIFIED

C UNCLASSIFIED

Chapte Footnot 21-27

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION
Alexandria, Virginia

In Reply, Please Refer to
File No.

F B 2201

August 28, 1984

THOMAS GREGORY CLINES;
HUSSEIN K. E. I. SALEM;
ROLF GRAAGE;
EGYPTIAN AMERIÇAN TRANSPORT AND
SERVICES CORPORATION (EATSCO);
R. G. HOBELMANN AND COMPANY, INCORPORATED
FRAUD AGAINST THE GOVERNMENT -
DEPARTMENT OF DEFENSE;
FOREIGN CORRUPT PRACTICES ACT

Reference is made to previous letterhead memoranda submitted in this matter, the most recent of which was dated February 1, 1984.

SYNOPSIS OF PROSECUTION, CIVIL SETTLEMENT ACTIONS, AND PAYMENT TO FEDERAL MARITIME COMMISSION:

During the period July 22, 1983, to January 16, 1984, three corporate and one personal Federal felony convictions were obtained on guilty pleas in United States District Court, in the Eastern District of Virginia, at Alexandria, in connection with the EGYPTIAN AMERICAN TRANSPORT AND SERVICES CORPORATION (EATSCO) investigation. The corporate pleas were by EATSCO; SYSTEMS SERVICES INTERNATIONAL, INCORPORATED (SSI) (a 49 percent original stockholder in EATSCO); and by AIR FREIGHT INTERNATIONAL, INCORPORATED (AFI) (a fully-owned subsidiary of the R. G. HOBELMANN AND COMPANY, INCORPORATED, which was the designated freight forwarder for EATSCO). HUSSEIN K. E. I. SALEM, an Egyptian national who was the President and original 51 percent stockholder in EATSCO, entered the personal plea.

THIS DOCUMENT CONTAINS NEITHER
RECOMMENDATIONS NOR CONCLUSIONS OF
THE FBI. IT IS THE PROPERTY OF
THE FBI AND IS LOANED TO YOUR AGENCY;
IT AND ITS CONTENTS ARE NOT TO BE
DISTRIBUTED OUTSIDE YOUR AGENCY.

4301

UNCLASSIFIED

RE: THOMAS GREGORY CLINES;
ET AL

In association with these pleas, an aggregate of $60,000 in fines, $4,044,000 in civil claims' settlements, and $76,000 in payment to the Federal Maritime Commission for possible violation of the Shipping Act of 1916, accrued to the United States Government. All of the pleas were in connection with Plea Agreements worked out by the various defendants with representatives of the U.S. Government. Each plea entered related to charges of filing false statements to the U.S. Department of Defense, Defense Security Assistance Agency (DSAA), regarding the cost of shipping military goods to Egypt under the Foreign Military Sales Program, during the period on or about November, 1979, through on or about December 31, 1981.

(The above-mentioned fines, civil claims' settlements, and payment to the Federal Maritime Commission total an amount of $4,180,000.)

DETAILS OF PROSECUTION, CIVIL SETTLEMENT ACTIONS, AND PAYMENT TO FEDERAL MARITIME COMMISSION:

On July 22, 1983, at U.S. District Court (USDC), Eastern District of Virginia (EDVA), Alexandria, Virginia, HUSSEIN K. E. I. SALEM, individually and as President of the EGYPTIAN AMERICAN TRANSPORT AND SERVICES CORPORATION (EATSCO), pled guilty to a multiple-count Criminal Information. The Information charged in pertinent part that SALEM and EATSCO agreed to and did file false statements with the U.S. Department of Defense (DOD), Defense Security Assistance Agency (DSAA), regarding the cost of shipping military goods to Egypt.

From in or about November, 1979, through on or about December 31, 1981, there were 34 shipments on which false invoices were submitted. Those invoices showed inflated costs of approximately $8 million.

Pursuant to a Plea Bargain Agreement reached between the United States and the defendants and approved by the Court, the defendant, SALEM, was sentenced on both counts to pay a fine of $25,000; the defendant, EATSCO, was likewise sentenced to pay a fine of $20,000. Further, in settlement of all civil claims by the United States against the defendants, SALEM paid the United States $3,020,000. The fines and civil settlement were

UNCLASSIFIED

F B 2203

satisfied by presentation of certified checks to the Clerk of the USDC and to the U.S. Attorney's Office.

(The three-count Criminal Information charged SALEM and EATSCO in count number one with violation of Title 18, United States Code (USC), Section 371 (Conspiracy); SALEM was charged in count number two with violation of Title 18, USC, Section 1001 and 2 (Submitting Falsely Stated Vouchers); EATSCO was charged in count number three with violation of Title 18, USC, Section 1001 and 2 (Submitting Falsely Stated Vouchers).

On September 1, 1983, AIR FREIGHT INTERNATIONAL, INCORPORATED (AFI), pled guilty in USDC, EDVA, to a one-count Criminal Information charging AFI with filing false invoices with the DOD, DSAA, relating to the costs of shipping military goods to Egypt under the Foreign Military Sales Program (FMSP).

AFI was fined the maximum penalty of $10,000 pursuant to a Plea Agreement between the United States and AFI. The agreement provided in pertinent part that AFI would pay the United States $924,000 in settlement of all civil claims; and pay $76,000 to the Federal Maritime Commission for possible violations of the Shipping Act of 1916.

The Criminal Information charged that from in or about November, 1979, through on or about December 31, 1981, AFI filed false invoices which failed to disclose profits made by AFI for the costs of ocean freight, packing and consolidation relating to the shipment of military goods to Egypt, in violation of Title 18, USC, Section 1001.

(AFI is a wholly-owned subsidiary of the R. G. HOBELMANN AND COMPANY, INCORPORATED, which was the designated freight forwarder for EATSCO regarding Foreign Military Sales equipment shipments to Egypt.)

Checks satisfying the $10,000 fine, $924,000 civil claims' settlement, and $76,000 payment to the Federal Maritime Commission were produced in connection with this plea being accepted by the judge on September 1, 1983.

UNCLASSIFIED

F B 2204

RE: THOMAS GREGORY CLINES;
ET AL

On January 16, 1984, SYSTEMS SERVICES INTERNATIONAL, INCORPORATED (SSI), pled guilty in USDC, EDVA (Richmond, Virginia), to a one-count Criminal Information charging SSI with filing false invoices with the DOD, DSAA, relating to the costs of shipping military goods to Egypt under the FMSP.

SSI was fined the maximum penalty of $10,000 pursuant to a Plea Agreement between the United States and SSI. The agreement further provided that THOMAS CLINES, on behalf of SSI, would pay the United States $100,000 (within 30 days) in settlement of all civil claims.

The plea of guilty was entered by the President and sole stockholder of SSI, THOMAS G. CLINES. SSI, which is no longer in business, was a 49 percent stockholder of EATSCO in the past.

The Criminal Information charged that from in or about November, 1979, through on or about December 31, 1981, SSI filed false invoices with DSAA, which invoices they then and there well knew were false in that the invoices failed to disclose profits from the ocean freight, packing and consolidation costs of shipping military goods to Egypt, and thereby misrepresented the actual costs of the ocean freight, packing and consolidation (violation of Title 18, USC, Section 1001 and 2).

A certified check in payment for the $10,000 fine was paid to the U.S. Government at the time the plea was accepted by the judge on January 16, 1984.

One certified check and two treasurer's checks, having a combined total of $100,000, payable to "Treasurer, United States" were in the possession of the U.S. Government as of February 23, 1984, having been provided in connection with settlement of the civil claims against CLINES' company, SSI.

OPINION OF ASSISTANT UNITED STATES ATTORNEY:

On July 18, 1984, Assistant United States Attorney (AUSA) THEODORE S. GREENBERG, EDVA, Alexandria, Virginia, advised a Special Agent of the FEDERAL BUREAU OF INVESTIGATION (FBI), that based on the above prosecution, civil settlement

UNCLASSIFIED

F B 2205

RE: THOMAS GREGORY CLINES;
ET AL

actions and payment to the Federal Maritime Commission, the fraud investigation regarding EATSCO and key persons and/or corporate entities associated therewith, has been completed.

UNCLASSIFIED

Chapter 21, Footnote 27

UNCLASSIFIED

U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Alexandria, Virginia
January 7, 1986

FB 5038

MAJOR GENERAL RICHARD VERNON SECORD
UNITED STATES AIR FORCE (RETIRED);
THOMAS GREGORY CLINES
BRIBERY; CONFLICT OF INTEREST;
FOREIGN CORRUPT PRACTICES ACT

Reference in made to several investigative reports previously submitted relating to this matter, the last one having been dated March 14, 1984, and bearing the caption "THOMAS GREGORY CLINES; MAJOR GENERAL RICHARD VERNON SECORD, UNITED STATES AIR FORCE; ERICH FRITZ VONMARBOD; BRIBERY; CONFLICT OF INTEREST; FOREIGN CORRUPT PRACTICES ACT."

Captioned investigation has been inactive for an extended period of time pending resolution of a separate interrelated case entitled "THOMAS G. CLINES; ET AL; MISUSE OF CLASSIFIED DOCUMENTS INVOLVING NICARAGUA; ESPIONAGE-X; PERJURY, Office of Origin: Alexandria." This particular case has recently been resolved without any prosecution resulting. (If prosecution had resulted and been successful, this could have had a bearing on captioned case).

On December 16, 1985, Assistant United States Attorney (AUSA) THEODORE S. GREENBERG, Eastern District of Virginia, Alexandria, Virginia, (who has been the prosecutor assigned to this case for several years) rendered an opinion to a Special Agent of the FEDERAL BUREAU OF INVESTIGATION (FBI) that extensive investigation conducted by the FBI in this matter did not produce sufficient evidence to obtain

1/20/88

UNCLASSIFIED

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

4302

UNCLASSIFIED

RE: MAJOR GENERAL RICHARD VERNON SECORD

a conviction of the subjects. He said no further investigation is warranted and he considers this matter closed.

In view of AUSA GREENBERG's opinion, the FBI is conducting no further investigation regarding this matter.

FB 5039

UNCLASSIFIED

COMPAGNIE DE SERVICES [illegible]
[illegible] CHEMIN THURY, CASE POSTALE [illegible]
[illegible] GENEVE 12 SUISSE
TELEPHONE [illegible]
TELEGRAMME SERFID TELEX [illegible]

Chapter 21, Footnote 29

Geneva, December 30, 1983.
WIZ/mp

CSF

Abdullah Said Bugshan & Bros.
P.O. Box 8399
Riyadh,
Saudi Arabia

21-29

Re: Security Project for Dhahran Airbase

STG 9141

Gentlemen:

We understand that you are acting as agent for Stanford Technology Trading Group International (hereinafter "STTGI") for their participation in the above described project and we are pleased to provide you with the following additional information to facilitate your efforts to secure this project for STTGI.

Our affiliation with STTGI, its associated and predecessor companies, dates back to 1971. In the intervening years, we have provided various financial services to the group, including acting as one of their bankers. With assets available to us of approximately one hundred million Swiss Francs, we have provided financing for various of their projects in the Middle East, Africa and the Far East, which projects included systems in the areas of security, receiving stations and satellite imaging processing and which projects generally amounted to several millions of dollars. All of the projects of which we have knowledge were successfully completed by the group.

Should you require additional information about our company, you may obtain it either by directing your inquiries to us, to STTGI, or to any of the banks with which we work, the names and addresses of which are enclosed on the attached sheet.

1/20/88

[illegible] provisions of E.O. [illegible] National Security [illegible]

Yours very truly,

COMPAGNIE DE SERVICES FIDUCIAIRES S.A.

Willard I. Zucker

Encl. ment.

UNCLASSIFIED

21-30

CLASSIFIED AT TIME OF PUBLICATION.

CHAPTER 22. THE ENTERPRISE

Chapter 22
Footnote 1

UNCLASSIFIED

EN

22-1

SKA SCHWEIZERISCHE KREDITANSTALT
CS CREDIT SUISSE CREDITO SVIZZERO

1211 GENEVE 1

Datum: / Date: / Data: le 14 octobre 1985

MERRILL LYNCH
13, route de Florissant

1211 GENEVE 12

Sie erhalten anbei die gewünschte Auskunft. Gleichzeitig gestatten wir uns, Sie noch auf die üblichen Vorbehalte aufmerksam zu machen.

Nous avons l'honneur de vous remettre, en annexe, les renseignements désirés. En même temps nous nous permettons d'attirer votre attention sur les réserves d'usage.

Vi compieghiamo, in via assolutamente confidenziale e senza alcuna responsabilità nè garanzia da parte nostra, le informazioni richiesteci, pregandovi di farne uso discreto e riservato.

Please find enclosed the requested report. The information is supplied under usual reserve and without responsibility on our part.

Hochachtungsvoll Vos dévoués
Distinti saluti Yours very truly

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

AGZ/JS/vw/620

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

1/24/88

4740

UNCLASSIFIED

[illegible] Auskunft, die, soweit sie nicht unsere eigene [illegible] wiedergibt, auf Angaben von Gewährsleuten. Wir erteilen [illegible] Ihnen vertraulich, unverbindlich und unter Ausschluss jeglicher [illegible]. Sie ist nur für Sie bestimmt, für alle Folgen, die aus einer Weitergabe an Dritte entstehen könnten, müssten wir Sie haftbar machen. Wir übernehmen keine Verpflichtung, auf diese Auskunft zurückzukommen, falls uns nachträglich Veränderungen in den Verhältnissen der hier erwähnten Firma oder Personen bekannt werden sollten, sondern berichten darüber nur aufgrund neuer Anfrage.

Le seguenti informazioni, per quanto non siano l'espressione del nostro proprio giudizio, si basano su indicazioni attinte a fonti ritenute degne di fede. Ve le trasmettiamo a titolo strettamente confidenziale e senza impegno né responsabilità da parte nostra. Esse sono destinate ad esclusivo vostro uso, e vi teniamo responsabili di tutte le conseguenze che potessero derivare dalla loro comunicazione a terzi. Inoltre, non ci possiamo impegnare a ritornare su queste informazioni nel caso in cui, più tardi, dovessimo venire a conoscenza di un cambiamento nella situazione della ditta o delle persone qui appresso indicate. Nuove informazioni saranno date unicamente dietro richiesta.

Dans la mesure où ils ne sont pas l'expression de notre appréciation personnelle, les renseignements suivants reposent sur des indications fournies par des personnes réputées dignes de foi. Nous vous les donnons à titre strictement confidentiel et sans engagement ni responsabilité de notre part. Ils sont destinés à votre usage personnel, et vous êtes responsable des conséquences pouvant résulter de leur communication à des tiers. Nous ne pouvons nous engager à revenir sur ces renseignements, si nous apprenions, plus tard, que la situation de la maison ou des personnes indiquées ci-après a changé. De nouveaux renseignements ne seront donnés que sur demande.

The report given below is based (in as far as it does not represent our own opinion) on the information received from third parties that are considered reliable. It is given in strict confidence and without any commitment or responsibility on our part. Furthermore, it is for your own use exclusively, and we would have to hold you liable for any consequences which might arise from its transmission to third parties. We cannot undertake to revert to this information should we hear of any changes in the situation of the subject of your enquiry at a later date; they would be reported to you upon a new enquiry only.

COMPAGNIE DE SERVICES FIDUCIAIRES SA
~~3bis, Chemin Thury~~
1206 Genève

UNCLASSIFIED

Société créée le 13 septembre 1971, avec un capital-actions de FRS 415'000.--, dernier changement 23.01.1979, les actions sont détenues par l'épouse de Monsieur Willard-I. ZUCKER.

Le but de la société consiste à donner tous conseils en matière fiscale, financière, juridique et économique et gérer tous biens pour le compte de tiers. La société pourra prendre également toutes participations à toutes entreprises financières, mobilières ou immobilières.

Nous sommes en relation d'affaire avec la société précitée depuis le 4 décembre 1978 et les affaires traitées se sont déroulées à notre entière satisfaction.

La société est sérieusement dirigée et administrée et selon nos expériences, elle ne souscrira aucun engagement qu'elle ne pourrait pas tenir.

s.g.n.r.

UNCLASSIFIED

Ihre Anfrage vom / Votre demande du / Vostra domanda di / Your inquiry of: 08.10.85
REF.:

Datum / Date / Data: Genève, le 14.10.85
AGE/JS/vw/620

Compagnie De Services Fiduciares

Company created on September 13th, 1971, with a capital and shares totalling 415,000. ...., last change made on 23.01.1979, the shares are held by the wife of Mr. Willard I. Zucker.

The company's goal is to give all advice on fiscal, financial, judicial and economic matters and handle all financial goods of the customer. The company would also take part or participate in any financial and real estate actions or enterprises.

We have been in business with the already mentioned firm from December 4th, 1978, and all business has been perfectly carried out.

The company is efficiently and seriously run, and we believe that it would engage in no commitment which it would not be able to honor.

Dun & Bradstreet REPORT

VERIFIER SI LES NOMS, BRANCHE ET ADRESSE CORRESPONDENT A LA DEMANDE

CONFIDENTIEL

UNCLASSIFIED

COMPAGNIE DE SERVICES FIDUCIAIRES SA

The company has no real estate holdings.

Business premises are rented. Monthly rent amounts to SFr. 4.400.
Sales are represented by fees, commission and interests.
Sales for 1979 were estimated at SFr. 3.000.000, in 1980 at SFr. 4.250.000, in 1983 at SFr. 5.450.000, and in 1984 at SFr. 5.450.000.
The earnings position is considered good.
The financial situation is considered sound.

Tax figures (in SFr.):

Due to official regulations, no tax figures are available.

Banking:

- Compagnie de Banque et d'Investissement, Geneva.
- Swiss Credit, Eaux-Vives/Geneva.
- Trade Development Bank, Geneva.
- Republic National Bank, New-York.

Auditors:

Fiduciaire Audifid, Fribourg.

HISTORY

Joint stock company. Registered in the Trade Register for the first time on 13/09/1971
The company is newly established.

Board of Directors:

JEAN DE SENARCLENS, from Geneva, in Chêne-Bougeries, chairman with individual signature.
He was born in 1916, married and father. Jurist, he is director of some companies.
ALFRED STOHLER, from Pratteln, in Prangins, member of the board with joint signature.
Management:
WILLARD I. ZUCKER, from USA, in Bernex, manager with individual signature.
ROLAND FARINA, from and in Geneva, assistant manager with individual signature.

OPERATION

Es handelt sich hierbei um ein kleineres Unternehmen von geringer örtlicher Bedeutung.
Business volume is considered good.
There is (are) 15 employee(s).

UNCLASSIFIED

Dun & Bradstreet REPORT UNCLASSIFIED CONFIDENTIEL

VÉRIFIER SI LES NOMS, BRANCHE ET ADRESSE CORRESPONDENT À LA DEMANDE

EN [illegible]

COMPAGNIE DE SERVICES FIDUCIAIRES SA

PAGE 3

Facilities:

Business premises are located at the above address and are rented.

Location:

Business premises are located on the outskirts of the city.

Branches:

None.

AFFILIATES

- TRADE AFFILIATES SA, same address, which will be liquidated.
- CSF INVESTMENTS LTD, in Bermudas.

UNCLASSIFIED

22-3

CLASSIFIED AT TIME OF PUBLICATION.

[illegible]
[illegible] CHEMIN THURY [illegible] CASE POSTALE [illegible]
[illegible] GENEVE 12 SUISSE
TELEPHONE [illegible]
TELEGRAMME [illegible] TELEX [illegible]

UNCLASSIFIED

Chapter 22
Footnote 4

CSF

Geneva, December 30, 1983.
WIZ/mp

Abdullah Said Bugshan & Bros.
P.O. Box 8399
Riyadh,
Saudi Arabia

22-4

Re: Security Project for Dhahran Airbase

STG 9141

Gentlemen:

We understand that you are acting as agent for Stanford Technology Trading Group International (hereinafter "STTGI") for their participation in the above described project and we are pleased to provide you with the following additional information to facilitate your efforts to secure this project for STTGI.

Our affiliation with STTGI, its associated and predecessor companies, dates back to 1971. In the intervening years, we have provided various financial services to the group, including acting as one of their bankers. With assets available to us of approximately one hundred million Swiss Francs, we have provided financing for various of their projects in the Middle East, Africa and the Far East, which projects included systems in the areas of security, receiving stations and satellite imaging processing and which projects generally amounted to several millions of dollars. All of the projects of which we have knowledge were successfully completed by the group.

Should you require additional information about our company, you may obtain it either by directing your inquiries to us, to STTGI, or to any of the banks with which we work, the names and addresses of which are enclosed on the attached sheet.

Yours very truly,

COMPAGNIE DE SERVICES FIDUCIAIRES S.A.

Willard I. Zucker

Encl. ment.

~~[illegible]~~ [illegible] on 1/27/88 under provisions of E.O. [illegible]

4741

UNCLASSIFIED

Chapter 22-5 note 5

Financial and Fiduciary Services

UNCLASSIFIED

SIG 1545?

Through its internationally trained staff and portfolio companies, STTGI offers a full range of fiduciary and financial services designed to serve the needs of international clientele. These services include:

- **Investment Management**

  Administration of a client's assets on an advisory or discretionary basis is in accordance with the client's objectives; that is, either to make recommendations to the client or to exercise our discretion on the client's behalf.

- **Commercial Services**

  STTGI can assist companies in establishing and developing business relationships for the licensing of industrial property such as patents, know-how, and trademarks, for arranging joint ventures with foreign participants and generally to represent the interest of clients in Western Europe and the Middle East.

- **Banking and Financial Support**

  STTGI can provide unique banking and business financial services offshore and in Europe for International business operations. Under proper circumstances STTGI can also provide financial support that might not otherwise be available for project implementation.

- **Tax Consultancy**

  STTGI can provide unique tax consultancy services based on the use and availability of its international investment management operations.

[illegible] on 1/27/88 [illegible] E.O. 12[illegible] [illegible] Security C[illegible]

UNCLASSIFIED

4742

International Trading

UNCLASSIFIED

International Trade and Commerce is a complex business even when goods and services are bought and sold through exchange of currency. Often bartering or off-sets are necessary to acheive a successful transaction, and this is an even more complex affair. STTGI's staff and portfolio companies can help in the following ways:

- **Bartering and Off-Sets**

  Through its worldwide contacts, STTGI is aware of diverse needs and available commodities, goods and services. Through creative and skillful bartering and off-set arrangements these elements can be brought together to achieve a successful transaction for all concerned.

- **Shipping and Freight Forwarding**

  International trade involves customs, shipping and freight forwarding which can be frustrating, time consuming and costly. STTGI's experienced staff is available to ease the burden in these matters.

- **Product Sourcing**

  Quality products, components and services at a competitive price are vital ingredients of any successful business. STTGI's personnel have years of experience in finding the right product at the right price on a world wide basis.

- **International Marketing And Sales**

  STTGI has an extensive international marketing network, and its staff members, many of whom have lived and worked overseas, have a broad marketing and technical sales background. These capabilities can be made available to your organization to provide a dynamic and cost effective international marketing and sales team. As a member of STTGI you can reach new markets with your products and services, and you will have the opportunity to work with other STTGI companies who complement your own capability.

UNCLASSIFIED

Chapter 22
Testimony 6
CN 007

TO: Secord Main Witness File

22-6

FROM: ~~Kevin Appleby~~ Monsky

RE: STTGI Phone Records

DATE: October 6, 1987

Enclosed phone logs correlate with documented movement of Enterprise funds through Secord/Hakim account network.

Prepared w/ staff accountants using Zucker Ledgers
JRM

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

4743

FOR SECORD **UNCLASSIFIED** EN 007

```
FROM            FROM NUMBER  TO NUMBER    TIME LEN
--------------- ------------ ------------ ---- ---

** DATE OF CALLS: 05/28/85
Unlisted -- MCLEAN, VA   [redacted]       1148   1 CSF
        05/30/85  Transworld Arms     $   8,000
                  Portugal Arms          57,500
        05/31/85  Calero Payment        299,848

** DATE OF CALLS: 10/04/85
SANTRB, FL    [redacted]                  1139   5 CSF
        10/04/85  Hakim               $   1,500

** DATE OF CALLS: 10/08/85
STTGI {MCLEAN, VA   [redacted]            1205   2
      {MCLEAN, VA                         1040   4
      {MCLEAN, VA                         1013   4
Unlisted - MCLEAN, VA                      902   1
        10/11/87  IC Income           $  99,948

** DATE OF CALLS: 10/09/85
Sttgi {MCLEAN, VA   [redacted]            1354   1  Zucker Res.
      {MCLEAN, VA                         1355   2  - CSF

** DATE OF CALLS: 10/11/85
[illegible] - SHALIMAR, FL   [redacted]    818   6
                  (OC 77,

** DATE OF CALLS: 10/14/85
MCLEAN, VA   [redacted]                   1517   3 W2
MCLEAN, VA                                1516   1
        10/15/85  Masoudi             $   5,000
                  Quintero                4,000
                  Hakim                   2,000
Sttg

** DATE OF CALLS: 10/30/85
MCLEAN, VA   [redacted]                    143   7 } Hotel Presidente

** DATE OF CALLS: 10/31/85
Unlisted - MEMPHIS, TN   [redacted]       1136   2 }

** DATE OF CALLS: 11/04/85
MCLEAN, VA   [redacted]                    938   3 CSF
        11/04/85  IC Income           $ 149,916
sttgi
** DATE OF CALLS: 11/07/85
MCLEAN, VA   [redacted]                   1009   8 [illegible]
```

UNCLASSIFIED

```
unlisted - PANAMA CITY, FL  [redacted]         1006   1 CSF
[illegible] - PANAMA CITY, FL                   832   1
[illegible] - MOULTRIE, GA                     1320   8 Hakim Literature
[illegible] - PANAMA CITY, FL                   833   1
             11/07/85  -----              -----

       ** DATE OF CALLS: 11/08/85
        MCLEAN, VA     [redacted]              1308  15
Stg. {
       ** DATE OF CALLS: 11/18/85
        MCLEAN, VA     [redacted]              1047   4 CSF
             11/18/85  Ace               $ 450,630

       ** DATE OF CALLS: 11/19/85
unlisted - SAN JOSE, CA  [redacted]             641   8
EAST Inc. - VIENNA, VA                         1206   3
            (See 11/20/85)

       ** DATE OF CALLS: 11/20/85
        NEW YORK, NY   [redacted]               835   5
        NEW YORK, NY                            945   8
             11/19/85  Israel Income     $1,000,000
             11/20/85  Legal Fees             7,500
                       Port-Arms            100,000
                       Hakim                 21,470

Stg.   ** DATE OF CALLS: 12/06/85
        MCLEAN, VA     [redacted]              1148   1
        MCLEAN, VA                             1223   1

       ** DATE OF CALLS: 12/09/85
unlisted - LOS GATOS, CA  [redacted]            514   4
           (See 12/10/85)

       ** DATE OF CALLS: 12/10/85
Stg. - MCLEAN, VA      [redacted]               945   5
             12/09/85  Southern Air      $   60,000
             12/10/85      "                  "

       ** DATE OF CALLS: 12/11/85
unlisted { LOS GATOS, CA  [redacted]            328  21
           LOS GATOS, CA                        513  10
             12/11/85  Portugal Arms     $300,000
             12/13/85      "                 "

       ** DATE OF CALLS: 12/12/85
Stg. - MCLEAN, VA      [redacted]              1113   4

       ** DATE OF CALLS: 12/13/85
unlisted { LOS GATOS, CA  [redacted]            921  11
           LOS GATOS, CA                        750   4

       ** DATE OF CALLS: 12/16/85
```

UNCLASSIFIED EN UU/[illegible]

```
    - SAN JOSE, CA          [redacted]        620    6 AH Ken
             12/16/85  Aeroleasing         $ 21,983        CSF
                       Hakim                  2,386
                     . I.C.                 299,903
                       CT                    50,000
                       Hakim                100,800
                       Korel                100,800
                       Quintero              10,000
                       Business Expense      50,000
                       Southern Air          58,500
                       Montero                2,540

     ** DATE OF CALLS: 12/18/85
      MCLEAN, VA            [redacted]        930    2 HI
      MCLEAN, VA                             1601    3
Mtg:
     ** DATE OF CALLS: 12/20/85
      MCLEAN, VA            [redacted]       1006    3  CSF
             12/20/85  -----             -----

     ** DATE OF CALLS: 12/30/85
      LOS GATOS, CA         [redacted]        906    7
             12/30/85  -----             -----

     ** DATE OF CALLS: 01/02/86
      LOS GATOS, CA         [redacted]        641    3
             01/02/86  -----             -----

     ** DATE OF CALLS: 01/03/86
      LOS GATOS, CA         [redacted]        657    3
             01/03/86  -----             -----

     ** DATE OF CALLS: 01/06/86
      MCLEAN, VA            [redacted]       1643    1  HI
      MCLEAN, VA                             1644    1  Hotel Warwick
      LOS GATOS, CA                           644    8  CSF
      LOS GATOS, CA                           749    4
             01/06/86  -----             -----

     ** DATE OF CALLS: 01/07/86
      MCLEAN, VA            [redacted]       1014    1
             01/07/86  Quintero            $   4,000
                       Management Fees           882
                       L. Hamilton Airfield  125,000
                       Miller C (Deposit)(?)  60,000
Mtg:
     ** DATE OF CALLS: 01/13/86
      MCLEAN, VA            [redacted]        943    2
      MCLEAN, VA                              943    2
             01/13/86                    $ 10,000

     ** DATE OF CALLS: 01/14/86
      MCLEAN, VA            [redacted]       1203    3
      MCLEAN, VA                             1240    0
```

UNCLASSIFIED

```
 MCLEAN, VA        [redacted]        1534   3 Zucker
 MCLEAN, VA                          1203   3 CSF
 MCLEAN, VA                          1240   1
 MCLEAN, VA                          1534   3 WZ
         01/14/86  Maule           $ 5,100

** DATE OF CALLS: 01/15/86
 - QUEENS, NY      [redacted]         909   4 CSF
         01/15/86  -----           -----

** DATE OF CALLS: 01/16/86
 MCLEAN, VA        [redacted]         916   4
 MCLEAN, VA                           927   4
 MCLEAN, VA                          1112   5
         01/16/86  -----           -----

** DATE OF CALLS: 01/17/86
 MCLEAN, VA        [redacted]        1029   9
         01/17/86  -----           -----

** DATE OF CALLS: 01/19/86
 LOS GATOS, CA     [redacted]        2305   1
 LOS GATOS, CA                       2303   1
                                  A 1st to Roland [illegible]

** DATE OF CALLS: 01/20/86
 LOS GATOS, CA     [redacted]         458   6 CSF
         01/20/86  Howard Rice     $ 20,000
                   Ace               230,000

** DATE OF CALLS: 01/27/86
 LOS GATOS, CA     [redacted]         751   4
         01/27/86  Defex Frebourg (?)  $ 26,174

** DATE OF CALLS: 01/29/86
 LOS GATOS, CA     [redacted]          43   4
 LOS GATOS, CA                         17   4
         01/29/86  Quintero        $ 4,000

** DATE OF CALLS: 01/31/86
 LOS CATOS, CA     [redacted]         827  17
 LOS GATOS, CA                        803   2
 LOS GATOS, CA                        806   2
 LOS GATOS, CA                        753   6
         01/31/86  Ace             $150,000

** DATE OF CALLS: 02/02/86
 LOS GATOS, CA     [redacted]        2234   6 RF

** DATE OF CALLS: 02/03/86
 LOS GATOS, CA     [redacted]         602   3 CSF
 LOS GATOS, CA                        101   2
         02/03/86  Maule           $ 50,535

** DATE OF CALLS: 02/04/86
```

UNCLASSIFIED

```
                                                 LN        CC
LOS GATOS, CA   [redacted]                       414    2  CSF
        02/04/86  -----                    -----

** DATE OF CALLS: 02/05/86
LOS GATOS, CA   [redacted]                       522    3
LOS GATOS, CA                                    404    3
LOS GATOS, CA                                      0    5
LOS GATOS, CA                                    800    2
        02/05/86  Scitech                  $100,000
                  Hakim                     165,000
                  Funds from Kashoggi     2,500,000

** DATE OF CALLS: 02/07/86
LOS GATOS, CA   [redacted]                       813    2
LOS GATOS, CA                                   1202    3
LOS GATOS, CA                                   2345    5  WZ
LOS GATOS, CA                                   2302    5  "
LOS GATOS, CA                                    331    6  CSF
LOS GATOS, CA                                   2323    7  WZ CSF
LOS GATOS, CA                                    548    3
LOS GATOS, CA                                   2250   10  RF
        02/07/86  ----                     -----

** DATE OF CALLS: 02/08/86
LOS GATOS, CA   [redacted]                      1211    2  WZ
LOS GATOS, CA                                   1221    4
LOS GATOS, CA                                   1206    1  HJ
LOS GATOS, CA                                   1208    2

** DATE OF CALLS: 02/09/86
LOS GATOS, CA   [redacted]                       219    1  [illegible]
LOS GATOS, CA                                    627    3  [illegible]
LOS GATOS, CA                                    633    1

** DATE OF CALLS: 02/10/86
MCLEAN, VA      [redacted]                      1106    5  CSF
MCLEAN, VA                                      1220    5
LOS GATOS, CA                                    559    2  [illegible]
LOS GATOS, CA                                    822    3  [illegible]
LOS GATOS, CA                                    601    8  [illegible]
BEVERLY HILLS,                                  1234    2  [illegible]
CA                                               125    4  [illegible]
LOS GATOS, CA                                    640    6
LOS GATOS, CA                                    722    1
LOS GATOS, CA                                    619    4  [illegible]
LOS GATOS, CA                                    520   10
        02/10/86  Kashoggi               $2,500,000
                  CIA                     1,850,000
                  CIA                     1,850,000

** DATE OF CALLS: 02/11/86
LOS GATOS, CA   [redacted]                       921    4  CSF
LOS GATOS, CA                                    429    6
```

UNCLASSIFIED

N 007

```
 LOS GATOS, CA      [redacted]              1206    4  CSF
 LOS GATOS, CA                              2337    7
       02/11/86  -----                  -----

** DATE OF CALLS: 02/12/86
 LOS GATOS, CA      [redacted]              1041    3  RF
 LOS GATOS, CA                               703    3  CSF
       02/12/86  -----                  -----

** DATE OF CALLS: 02/13/86
 LOS GATOS, CA      [redacted]               519    8
 LOS GATOS, CA                               411    4
 LOS GATOS, CA                               552    4
 LOS GATOS, CA                               758    2
 LOS GATOS, CA                               749    6
       02/12/86  Korel              $ 35,000

** DATE OF CALLS: 02/14/86
 SULLIVANS,         [redacted]               906    2
 ISLAND
 LOS GATOS, CA                                 0    3
       02/14/86  Eust (?)           $ 10,000
                 Bank of Ostar        31,500
                 Montero              10,417
                 Korel               165,000
                 Business                300
                 [redacted]            3,500
                                      10,000
                 CTEA                 15,000
                 Southern Air        270,000

** DATE OF CALLS: 02/17/86
 BEVERLY HILLS,     [redacted]              1631   28
 CA

** DATE OF CALLS: 02/18/86
 BEVERLY HILLS,     [redacted]               906   15
 CA
 BEVERLY HILLS,                              845    1
 CA

** DATE OF CALLS: 02/21/86
 LOS GATOS, CA      [redacted]              2128   39
 LOS GATOS, CA                              1411   21
 LOS GATOS, CA                              1300    4

** DATE OF CALLS: 02/22/86
 MCLEAN, VA         [redacted]              1450    2
 LOS GATOS, CA                              1936   20
 ATLANTA, GA                                1600    5
 LOS GATOS, CA                              2152    2
 LOS GATOS, CA                              2136   12
 ATLANTA, GA                                1309    8
 LOS GATOS, CA                               848   19
```

Hotel Jefferson

UNCLASSIFIED

```
** DATE OF CALLS: 02/23/86
 LOS GATOS, CA      [redacted]              1602    6
 LOS GATOS, CA                               905   14
 LOS GATOS, CA                              2153    5

** DATE OF CALLS: 02/27/86
 LOS GATOS, CA      [redacted]              1519   15
 LOS GATOS, CA                              2144    7

** DATE OF CALLS: 03/06/86
 ASPEN, CO          [redacted]               649    3

** DATE OF CALLS: 03/07/86
 NEW YORK, NY       [redacted]              1035    2
          03/07/86  Israel            $100,000
                    Ace                475,000
                    Hakim               28,000
                    [redacted]          10,000

** DATE OF CALLS: 03/13/86
 LOS GATOS, CA      [redacted]               706    5

** DATE OF CALLS: 03/18/86
 LOS GATOS, CA      [redacted]               425    8
 LOS GATOS, CA                               737    4
 LOS GATOS, CA                               723    8
 LOS GATOS, CA                               637    5

** DATE OF CALLS: 03/20/86
 MCLEAN, VA         [redacted]              1144    3
 MCLEAN, VA                                 1127   10
          03/20/86  -----                -----

** DATE OF CALLS: 03/21/86
 MCLEAN, VA         [redacted]              1011    3
 MCLEAN, VA                                  913    1
 MCLEAN, VA                                 1141    4
 MCLEAN, VA                                 1130    2
          03/21/86  Southern Air       $ 71,000
                    Ace                  29,000

** DATE OF CALLS: 03/24/86
 MCLEAN, VA         [redacted]              1224    3
 MCLEAN, VA                                  946    4
 MCLEAN, VA                                 1044    6
          03/24/86  Quintero           $ 10,000

** DATE OF CALLS: 03/25/86
 MCLEAN, VA         [redacted]               830    3
 MCLEAN, VA                                 1443    2
          03/25/86  -----                -----

** DATE OF CALLS: 03/26/86
```

unlisted

Stg.

Stg.

~~[illegible]~~

Stg.

Stg.

UNCLASSIFIED   IN   000

```
Sttg. -- MCLEAN, VA     [redacted]    857    7  CSF
  Smith - MCLEAN, VA                   927   11
   ~~[illegible]~~ MCLEAN, VA          118    2
          03/26/86  -----          -----

   ** DATE OF CALLS: 03/27/86
         { MCLEAN, VA   [redacted]    1050    1
   Sttg. < MCLEAN, VA                  830    4  wz
         { MCLEAN, VA                  827    3
   [illegible] MCLEAN, VA             1046    2
          03/27/86  -----          -----

   ** DATE OF CALLS: 03/31/86
   Sttg. -- MCLEAN, VA  [redacted]    1212    4  wz
   [illegible] MCLEAN, VA             1219    4

   ** DATE OF CALLS: 04/01/86
    LOS GATOS, CA       [redacted]     528    3  CSF
    LOS GATOS, CA                      620    3
    LOS GATOS, CA                      658    1
    LOS GATOS, CA                       45    3
          04/01/86  -----          -----

   ** DATE OF CALLS: 04/02/86
    LOS GATOS, CA       [redacted]     544    1
    LOS GATOS, CA                      557    2

   ** DATE OF CALLS: 04/03/86
    LOS GATOS, CA       [redacted]     532    7
Sked      04/03/86  Southern Air    $400,000
                    Quintero          28,000

   ** DATE OF CALLS: 04/04/86
    LOS GATOS, CA       [redacted]     823   10

   ** DATE OF CALLS: 04/07/86
    LOS GATOS, CA       [redacted]     755   13
    LOS GATOS, CA                      403    3
          04/07/86  Portugal Arms   $ 93,120

   ** DATE OF CALLS: 04/08/86
    LOS GATOS, CA       [redacted]    1120    4  wz
    LOS GATOS, CA                     1212    1
    LOS GATOS, CA                     1314    2
    LOS GATOS, CA                     1006    1  CSF
          04/08/86  -----          -----

   ** DATE OF CALLS: 04/09/86
    LOS GATOS, CA       [redacted]     638    2
    LOS GATOS, CA                      626    9
          04/09/86  Portugal Arms   $136,137

   ** DATE OF CALLS: 04/11/86
Sttg. - MCLEAN, VA      [redacted]    1109    8
```

UNCLASSIFIED

N 000?

```
        04/11/86  -----                        -----

** DATE OF CALLS: 04/14/86 [redacted]
   SHALIMAR, FL                                 959    1  CSF
        04/14/86  East Inc.                 $ 30,000(?)
                  Southern Air                150,000

** DATE OF CALLS: 04/15/86 [redacted]
   MCLEAN, VA                                  1542    4
   SHALIMAR, FL                                 630    7  CSF
        04/15/86  IC Deposit                $ 47,974
                  IBC Deposit                 649,853

** DATE OF CALLS: 04/16/86 [redacted]
   MCLEAN, VA                                  1102   22
        04/16/86  Director                  $  2,673
                  Hakim                         3,000
                  Hakim                        72,580
                  Director Fees                 2,750
                  East Inc.                   100,357
                  Shapp Green & Langford          294
                  Southern Air                200,000
                  Hakim                        15,000
                  Frebourg (?)                161,000
                  Ace                          57,022
                  Aero Contractors (?)         19,635

** DATE OF CALLS: 04/29/86 [redacted]
   MCLEAN, VA                                  1003    2
   MCLEAN, VA                                   952    4
        04/29/86  Quintero, R               $  5,000

** DATE OF CALLS: 05/02/86 [redacted]
   MCLEAN, VA                                  1051    2
        05/02/86  Hakim                     $     943

** DATE OF CALLS: 05/08/86 [redacted]
   SALT LAKE, UT                               1230    2  3

** DATE OF CALLS: 05/09/86 [redacted]
   LOS GATOS, CA                               1211   14  CSF
   LOS GATOS, CA                                728    6
   LOS GATOS, CA                                626   12
   LOS GATOS, CA                                501   14
        05/09/86  Travel                    $  2,793

** DATE OF CALLS: 05/13/86 [redacted]
   MCLEAN, VA                                  1142    9
        05/13/86  -----                        -----

** DATE OF CALLS: 05/14/86 [redacted]
   MCLEAN, VA                                  1352    1
   MCLEAN, VA                                  1348    2  CSF
   MCLEAN, VA                                  1352    1
```

UNCLASSIFIED

UNCLASSIFIED

```
          05/14/86  Funds from Kashoggi $10,000,000
                    TDB Codelis (?)        101,500
                    Basiners (?)             2,778
                    DEA                     30,150
                    CIA                  6,500,000

      ** DATE OF CALLS: 05/15/86
       MCLEAN, VA  [redacted]           1617    6 HC
Sttg. - MCLEAN, VA                      1156    1
       MCLEAN, VA                       1241    5
       MCLEAN, VA                       1234    1
unlisted MCLEAN, VA                     1218    2
       MCLEAN, VA                       1157    3
       MCLEAN, VA                       1617    6
       MCLEAN, VA                       1156    1
Sttg.  MCLEAN, VA                       1241    5
       MCLEAN, VA                       1234    1

      ** DATE OF CALLS: 05/16/86
       MCLEAN, VA  [redacted]           1259    1
       MCLEAN, VA                       1804    3
       MCLEAN, VA                       1304    2
unlisted MCLEAN, VA                      901    1 CSF
       MCLEAN, VA                        902    7
Sttg.  MCLEAN, VA                       1259    3
       MCLEAN, VA                       1804    3 HC
          05/16/86  Kashoggi                  $5,000,000
                    Funds Tram.
                    Israel                     1,460,000
                    Scitech (Tri Am. Arms)       150,000

      ** DATE OF CALLS: 05/17/86
unlisted - MCLEAN, VA  [redacted]       1852    1 Art Studio

      ** DATE OF CALLS: 05/19/86
       MCLEAN, VA  [redacted]            955    5
       MCLEAN, VA                        955    5
Sttg.
      ** DATE OF CALLS: 05/20/86
       MCLEAN, VA  [redacted]           1321    6
       MCLEAN, VA                       1323    1
unlisted - MCLEAN, VA                   1014    6
       MCLEAN, VA                       1217    6
       MCLEAN, VA                       1239    1

      ** DATE OF CALLS: 05/21/86
       MCLEAN, VA  [redacted]            900    3 [illegible]
       MCLEAN, VA                        856    2
Sttg.  MCLEAN, VA                        900    3
       MCLEAN, VA                        856    2

      ** DATE OF CALLS: 05/28/86
       MCLEAN, VA  [redacted]           1628    4 HC
       MCLEAN, VA                       1628    4
```

UNCLASSIFIED

N 000

```
** DATE OF CALLS: 05/29/86   [redacted]    936   1  HC
 MCLEAN, VA                                 924   2
 MCLEAN, VA                                 936   1
 MCLEAN, VA                                 924   5
 MCLEAN, VA

** DATE OF CALLS: 05/30/86   [redacted]    945   7
 MCLEAN, VA

** DATE OF CALLS: 06/01/86   [redacted]    656   2  W2
 MCLEAN, VA

** DATE OF CALLS: 06/02/86   [redacted]    842   3  CSF
 MCLEAN, VA
          06/02/86  Capital Hakim        $ 79,167
                    CTEA                    79,167
                    Bus.                     1,000
                    Capital Koul (?)        79,167
                    Scitech                 26,390

** DATE OF CALLS: 06/08/86   [redacted]    739   7  HC
 LOS GATOS, CA

** DATE OF CALLS: 06/09/86   [redacted]    530  10  CSF
 LOS GATOS, CA
          06/09/86  -----                -----

** DATE OF CALLS: 06/12/86   [redacted]   1252   3  W2
 MCLEAN, VA

** DATE OF CALLS: 06/13/86   [redacted]   1114   3  HC
 MCLEAN, VA                                1457   8
 MCLEAN, VA                                1457   8
 MCLEAN, VA                                1032   5
 MCLEAN, VA                                1946  34
 LOS GATOS, CA

** DATE OF CALLS: 06/14/86   [redacted]   1308  14
 LOS GATOS, CA

** DATE OF CALLS: 06/15/86   [redacted]   1337   2
 MIDDLEBURG, VA                            1249  31
 LOS GATOS, CA                             1045   3
 LOS GATOS, CA

** DATE OF CALLS: 06/16/86   [redacted]   1144   3
 PAWLEYS ISLAND,
 SC                                        1345   1
 MCLEAN, VA                                1649   5
 MCLEAN, VA                                1351   2
 MCLEAN, VA                                1345   1
 MCLEAN, VA                                1315   5
 LOS GATOS, CA
```

UNCLASSIFIED

EN C005

LOS GATOS, CA [redacted] 1025 19 HC
LOS GATOS, CA 734 2

** DATE OF CALLS; 06/17/86
Sttgi { MCLEAN, VA [redacted] 1651 2
MCLEAN, VA 1516 2
MCLEAN, VA 1655 1
{ LOS GATOS, CA 2104 11
LOS GATOS, CA 1436 22

** DATE OF CALLS: 06/19/86
Plummer — MCLEAN, VA [redacted] 1546 3 WZ

** DATE OF CALLS: 06/20/86
Sttgi — MCLEAN, VA [redacted] 841 16 CSF

06/20/86	Korel	$ 11,183
	Al Kassar	500,000
	Hakim	11,183
	CTEA	11,183
	Scitech	3,728

** DATE OF CALLS: 06/22/86
Plummer — MCLEAN, VA [redacted] 1229 4
06/22/86 ----- -----

** DATE OF CALLS: 06/24/86
Sttgi. — MCLEAN, VA [redacted] 937 6
06/24/86 ----- -----

** DATE OF CALLS: 06/25/86
STTGI { MCLEAN, VA [redacted] 1045 3
MCLEAN, VA 1056 3
06/25/86 ----- -----

** DATE OF CALLS: 06/26/86
Plummer — MCLEAN, VA [redacted] 1009 4
06/26/86 Chartering Service $ 6,425

** DATE OF CALLS: 06/27/86
DULLES, VA [redacted] 611 11
06/27/86 Corporate Air Ser. $ 58,000

** DATE OF CALLS: 06/30/86
LOS GATOS, CA [redacted] 513 4
LOS GATOS, CA 747 2
LOS GATOS, CA 834 19

06/30/86	Chartering	$ 3,454
	[redacted]	7,000
	Quintero	5,000
	Scitech	30,000

** DATE OF CALLS: 07/01/86
LOS GATOS, CA [redacted] 739 4
07/01/86 Zucker $ 1,000

UNCLASSIFIED

```
                        Southern Air             200,000
                        Portugal Arms            845,000

** DATE OF CALLS: 07/08/86
 MCLEAN, VA          [redacted]                     1111   11   CSF
 MCLEAN, VA                                         1044   13
           07/08/86  Ship Expense             $ 15,500
                     Capt. Arne                  3,125
                     Currency Exchange           2,778

** DATE OF CALLS: 07/10/86
 MCLEAN, VA          [redacted]                      907    1
 MCLEAN, VA                                          907    1
 MCLEAN, VA                                         1135    2
           07/10/86  Ship                     $  5,000
                     Crew                        5,900
                     Captain                     6,250

** DATE OF CALLS: 07/15/86
 MCLEAN, VA          [redacted]                     1140    6
           07/15/86  Insurance                $ 70,000
                     Portugal Arms             881,987
                     Chartering                  5,430
                     Aero Contractors Ltd.      45,392

** DATE OF CALLS: 07/18/86
 MCLEAN, VA          [redacted]                     1024   13
           07/18/86  C-123 Ward Purchase      $125,000
                     C-123 Hansen (?)          125,000
                     Cash Withdrawal           310,000

** DATE OF CALLS: 07/29/86
 LOS GATOS, CA       [redacted]                      853    8
           07/29/86  Zucker                   $  1,000
                     Montero                    16,204
                     Companía (?)                3,993
                     Lilac McHose, Chas (?)      4,896
                     Lankarani Tila (?)          8,000

** DATE OF CALLS: 08/28/86
 ATLANTA, GA         [redacted]                     1810    5   HC

** DATE OF CALLS: 08/29/86
 LOS GATOS, CA       [redacted]                     2335    5
 LOS GATOS, CA                                       725    1
           08/29/86  TDB Cordelis (?)         $ 51,000

** DATE OF CALLS: 09/02/86
 LOS GATOS, CA       [redacted]                      627    1
           09/02/86  Corp. Air Services       $ 62,018

** DATE OF CALLS: 09/06/86
 LOS GATOS, CA       [redacted]                      927    3
 LOS GATOS, CA                                       700   27
```

Joseph McGuire

UNCLASSIFIED

N 0007

```
           09/06/86  Cruz                      $  7,000

     ** DATE OF CALLS: 09/08/86
      LOS GATOS, CA   [redacted]                    747   3 CSF
           09/08/86 [redacted]                 $ 10,000

     ** DATE OF CALLS: 09/10/86
      LOS GATOS, CA   [redacted]                    641   3
           09/10/86  Southern Air Trans.       $ 50,000

     ** DATE OF CALLS: 09/13/86
      LOS GATOS, CA   [redacted]                    839   4 WZ

     ** DATE OF CALLS: 09/16/86
[illegible] - INDIAN, MS   [redacted]               625   6 CSF
           09/16/86  Tom Clines                $  2,000

     ** DATE OF CALLS: 09/17/86
[illegible] - FALLS CHURCH,
      VA              [redacted]                   1841   2 Aero
unlisted - MCLEAN, VA                              1008  11 Grand Cen

     ** DATE OF CALLS: 09/18/86
      MCLEAN, VA      [redacted]                   1438  18 Aero
      MCLEAN, VA                                   1018   3 "
[illegible]
     ** DATE OF CALLS: 09/19/86
      MCLEAN, VA      [redacted]                   1431   1
[illegible] - FALLS CHURCH,                         2152   5 GC
      VA
     ** DATE OF CALLS: 09/20/86
Mtg - MCLEAN, VA      [redacted]                   1107   5
unlisted - MCLEAN, VA                              1540   3 WZ

     ** DATE OF CALLS: 09/21/86
[illegible] - FALLS CHURCH,  [redacted]             705   4 "
      VA

     ** DATE OF CALLS: 09/22/86
[illegible] MCLEAN, VA  [redacted]                 1002   3 CSF
      MCLEAN, VA                                   1028   1 "
      PHILADELPHIA,                                1521   3 WZ
      PA
           09/22/86  Quintero                  $ 10,000
                     Tom Clines                   5,000
                     Income CIA               1,200,000

     ** DATE OF CALLS: 09/23/86
[illegible] -- NEW YORK, NY  [redacted]             100  20 HC

     ** DATE OF CALLS: 09/24/86
Mtg - MCLEAN, VA      [redacted]                   1118   2 "
[illegible] NEW YORK, NY                            557   3 CSF
[illegible] NEW YORK, NY                           1505   4 HC
```

UNCLASSIFIED

N

09/24/86 East Inc. $ 14,449

** DATE OF CALLS: 09/25/86
NEW YORK, NY [redacted] 935 5 HC
NEW YORK, NY 14 6

** DATE OF CALLS: 10/01/86
FALLS CHURCH, VA [redacted] 1339 11 WZ

** DATE OF CALLS: 10/02/86
FALLS CHURCH, VA [redacted] 922 8 CSF
10/02/86 Quintero $ 5,000

** DATE OF CALLS: 10/03/86
MCLEAN, VA [redacted] 826 7
MCLEAN, VA 811 1
10/03/86 STTGI $ 25,000
Hakim 250,000

** DATE OF CALLS: 10/04/86
Unlisted – QUEENS, NY [redacted] 1801 1 HC
DULLES, VA 1540 2

** DATE OF CALLS: 10/16/86
MCLEAN, VA [redacted] 1130 2 CSF
10/16/86 ----- -----

** DATE OF CALLS: 10/17/86
MCLEAN, VA [redacted] 1417 6
10/17/86 Air Meno Egtan (?) $251,000

** DATE OF CALLS: 10/18/86
MCLEAN, VA [redacted] 1015 7 WZ

** DATE OF CALLS: 10/22/86
MCLEAN, VA [redacted] 1412 6 HC

** DATE OF CALLS: 10/27/86
MCLEAN, VA [redacted] 926 1

** DATE OF CALLS: 10/28/86
MCLEAN, VA [redacted] 1629 3

** DATE OF CALLS: 11/05/86 0 3
MCLEAN, VA [redacted] 1260 3
Second – MCLEAN, VA 2125 18
LOS GATOS, CA 1012 9
LOS GATOS, CA

** DATE OF CALLS: 11/06/86
MCLEAN, VA [redacted] 1453 2
MCLEAN, VA 936 3
LOS GATOS, CA 842 1

UNCLASSIFIED

EN (019

```
unlisted { LOS GATOS, CA   [redacted]   2004   7   HC
           LOS GATOS, CA                1543   1

** DATE OF CALLS: 11/07/86
           MCLEAN, VA      [redacted]   1223   7
Stg.       MCLEAN, VA                   1151   2
           MCLEAN, VA                    906  11
         { LOS GATOS, CA                 854   1
unlisted   LOS GATOS, CA                 855   1
           LOS GATOS, CA                2130   1
           LOS GATOS, CA                2131  34

** DATE OF CALLS: 11/08/86
unlisted - BEVERLY HILLS,  [redacted]   1141   5
           CA
           BEVERLY HILLS,               2253   3
           CA
unlisted

** DATE OF CALLS: 11/09/86
           BEVERLY HILLS,  [redacted]    105   6
           CA
unlisted { LOS GATOS, CA                1831   1
           LOS GATOS, CA                2231   5
unlisted { BEVERLY HILLS,                212   1
           CA
           BEVERLY HILLS,                923   5
           CA
unlisted - INGLEOOWD, CA                1450   3

** DATE OF CALLS: 11/10/86
Stg.     { MCLEAN, VA      [redacted]    942   9
           MCLEAN, VA                   1001  10
unlisted { LOS GATOS, CA                 950   4
           LOS GATOS, CA                1950  19

** DATE OF CALLS: 11/12/86
SECORD -   MCLEAN, VA      [redacted]    713   1
           LOS GATOS, CA                2345   2   CSF
         11/12/86  CTEA          $ 30,000
                   Hesup (?)        7,100
                   Forways        260,000

** DAT[illegible] CALLS: 11/20/86
  LOS G[illegible], CA     [redacted]   2158  19
         11/20/86  Stanford Technology $ 25,000

** DATE OF CALLS: 11/25/86
  LOS GATOS, CA            [redacted]   1015   7
         11/25/86  Hakim, Lilac, McHose$   868
                   Scitech              50,000

** DATE OF CALLS: 11/26/86
  LOS GATOS, CA            [redacted]    736   2
         11/26/86  Shea & Gardiner     $  6,216
```

UNCLASSIFIED EN [illegible]

** DATE OF CALLS: 12/01/86

unlisted - WASHINGTON, DC [redacted] 1506 18 HI

** DATE OF CALLS: 12/02/86 [redacted]

unlisted - MCLEAN, VA 1205 2 HI

[illegible] - FALLS CHURCH, VA 1548 2

unlisted - VIENNA, VA 1318 9 HI

[illegible] - FALLS CHURCH, VA 1546 1

** DATE OF CALLS: 12/03/86 [redacted]

Second - MCLEAN, VA 953 9 HI

" - MCLEAN, VA 1842 4 HI

unlisted - LOS GATOS, CA 631 14

Sttg. - MCLEAN, VA 1231 2 HI

** DATE OF CALLS: 12/04/86 [redacted]

Second { MCLEAN, VA 1610 1 HI

MCLEAN, VA 1424 2

MCLEAN, VA 1848 2

** DATE OF CALLS: 12/05/86 [redacted]

Sttg. { MCLEAN, VA 1059 3

MCLEAN, VA 1102 3 CSF

** DATE OF CALLS: 12/08/86 [redacted]

MCLEAN, VA 1355 1 HI

unlisted - MCLEAN, VA 1355 1

MCLEAN, VA 1738 10

** DATE OF CALLS: 12/10/86

Sttg. - MCLEAN, VA [redacted] 1620 1

** DATE OF CALLS: 12/11/86 [redacted]

unlisted - MCLEAN, VA 1146 1 [illegible]

DULLES, VA 1734 15 HI

** DATE OF CALLS: 12/12/86

[illegible] — FT. [illegible] BEACH, FL [redacted] 7 5

** DATE OF CALLS: 12/24/86 [redacted]

MIDDLEBURG, VA 1144 11

unlisted - MCLEAN, VA 1646 20

** DATE OF CALLS: 12/27/86

MONTROSS, VA [redacted] 0 2

** DATE OF CALLS: 12/29/86 [redacted]

[illegible] - GREENBURG, PA 1843 16

LATROBE, PA 1639 3

LATROVE, PA 1643 3

UNCLASSIFIED

EN 0091

```
[illegible] - GREENBURG, PA  0128366060    4122346090  1737   3 HI

          ** DATE OF CALLS: 12/30/86
[illegible] - MCLEAN, VA      [redacted]              2118   4
              LEESBURG, VA                             833   1
      Stty. - MCLEAN, VA                              1659   6

          ** DATE OF CALLS: 01/03/87
[illegible] - MCLEAN, VA      [redacted]              1057   7 CSF

          ** DATE OF CALLS: 01/08/87
              LOS GATOS, CA   [redacted]               812   2
[illegible]   LOS GATOS, CA                            320   2

          ** DATE OF CALLS: 01/13/87
              LOS GATOS, CA   [redacted]               703  10 Lawyer
              MCLEAN, VA                              1523   1 HC
      Stty.   MCLEAN, VA                              1044   2 Lawyer
              MCLEAN, VA                              1459   2 HC
              LOS GATOS, CA                           1418   5
[illegible]   LOS GATOS, CA                           1423  13 Hotel Corman

          ** DATE OF CALLS: 01/14/87
[illegible] - MCLEAN, VA      [redacted]              1649   2
            - MCLEAN, VA                              1753   1
              LOS GATOS, CA                            533-  2 Lawyer
              LOS GATOS, CA                            447   1
[illegible]   LOS GATOS, CA                            636   5 CSF
              LOS GATOS, CA                              3   4 Lawyer
              LOS GATOS, CA                            433   2 CSF
   -llisted - MCLEAN, VA                              1544   1 Hotel Corman

          ** DATE OF CALLS: 01/15/87
              LOS GATOS, CA   [redacted]               718   2 CSF
              LOS GATOS, CA                            416   2
[illegible]   LOS GATOS, CA                            655   3

          ** DATE OF CALLS: 01/18/87
              LOS GATOS, CA   [redacted]               742  13 WC

          ** DATE OF CALLS: 01/22/87
              MCLEAN, VA      [redacted]              1531   4 HC

[illegible] ** DATE OF CALLS: 01/23/87
              MCLEAN, VA      [redacted]               971   8
              MCLEAN, VA                              1420   1
              MCLEAN, VA                              1709   1

          ** DATE OF CALLS: 01/25/87
[illegible] - NEW YORK, NY    [redacted]               833   2 NG

          ** DATE OF CALLS: 01/30/87
[illegible] - MCLEAN, VA      [redacted]              1138  26 HC
```

UNCLASSIFIED

Hotel Conn

** DATE OF CALLS: 02/01/87

[illegible] -- MCLEAN, VA, [redacted] 1139 18

** DATE OF CALLS: 02/03/87

[illegible] - MCLEAN, VA [redacted] 1647 1

** DATE OF CALLS: 02/04/87

unlisted - MCLEAN, VA [redacted] 819 33

** DATE OF CALLS: 02/08/87

[illegible] - DECATUR, IL [redacted] 41 20

** DATE OF CALLS: 12/01/87

[illegible] MCLEAN, VA [redacted] 846 1 CSF

MCLEAN, VA 936 3 HI

UNCLASSIFIED

22-8

CLASSIFIED AT TIME OF PUBLICATION.

22-9

CLASSIFIED AT TIME OF PUBLICATION.

957

```
4999    D E F E X                                                                                86 12 10  PAGE    1
                                                                         TRIAL BALANCE FROM   1 01 84 TO  4 12 86
A/C  DESCRIPTION                                        DEBIT          CREDIT         BALANCE                BALANCE
                                                                                                     CURRENCY    US$

5       CAPITAL INVESTED                    US$
        #####################################

5600001 CAPITAL INVESTED                    US$     113 427.63    9 785 611.01    9 672 183.38-         9 672 183.38-
                                                 -------------- -------------- --------------
        TOTAL GROUP                                 113 427.63    9 785 611.01    9 672 183.38-         9 672 183.38-

        P/L. NET BALANCE (1-5)                                                                          9 672 183.38-

6       CHARGES                             US$
        #####################################

600101  ALBERT HAKIM                        US$   6 883 403.87       50 000.00    6 833 403.87          6 833 403.87
600201  KOREL ASSETS                        US$   1 076 914.68       34 122.31    1 042 792.37          1 042 792.37
600301  C. TEA                              US$   1 017 308.46       27 305.32      990 003.14            990 003.14
 00401  SCITECH                             US$     607 984.00        2 000.00      605 984.00            605 984.00
 00501  BUTTON                              US$     200 000.00            0.00      200 000.00            200 000.00
                                                 -------------- -------------- --------------
        TOTAL GROUP                               9 785 611.01      113 427.63    9 672 183.38          9 672 183.38
```

Chapter 22
Footnote 10

22-10

```
                                                                                   86 12 10  PAGE   2
6999   D E F E X                                        TRIAL BALANCE FROM  1 01 86 TO  4 12 86
                                                DEBIT        CREDIT       BALANCE             BALANCE
A/C  DESCRIPTION                                                                    CURRENCY    US$

                                                                            0.00                0.00
      GRAND TOTALS                         9 899 038.64   9 899 038.64
```

```
4999     D E F E X                                                                     86 12 10  PAGE      1
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C 959 NAME & DESCRIPTION                   DOC NO CONTRA                  DEBIT        CREDIT        BALANCE

5          ****** CAPITAL INVESTED                   US$

   H
5600001    ****** CAPITAL INVESTED                   US$

 18  2 CASH WITHDRAWAL                           600101                                5 000.00       5 000.00-
 20  2 CASH WITHDRAWAL                           600201                               22 000.00      27 000.00-
 25  2 CASH DEPOSIT                              600301                               15 000.00      42 000.00-
 16  4 TR TO LEE YUN                             600101                                3 400.00      45 000.00-
 24  4 CHQ K. PHILLIPS                           600401                                5 000.00      50 000.00-
 10  6 TR TO BK OF KOREA                         600101                                5 000.00      55 000.00-
 14 11 TR TO SCITECH                             600401                               67 340.00     122 340.00-
85
  7  2 TR TO KOREL                               600201                              165 000.00     287 340.00-
 20  2 CASH WITHDRAWAL                           600101                               20 000.00     307 340.00-
 20  3 CASH WITHDRAWAL                           600101                                3 000.00     310 340.00-
 25  3 CASH WITHDRAWAL                           600101                                3 000.00
 25  3 TR TO KHALID RASHID                       600201                               31 817.00     345 157.00-
  2  4 CASH WITHDRAWAL                           600101                                5 000.00     350 157.00-
  3  4 TR TO BARCLAYS BANK CALIF.                600101                               10 000.00
  3  4 CASH WITHDRAWAL                           600201                                7 000.00
  3  4 TRANSFER FROM ENERGY                      600301                               20 000.00     387 157.00-
  9  4 TR TO BANK OF AMERICA                     600101                               12 800.00     399 957.00-
 10  4 CHQ TO T. GREEN                           600201                               45 000.00     444 957.00-
 12  4 TR TO RVS                                 600201                              101 926.78
 12  4 TR TO RVS                                 600201                              118 336.00     665 219.78-
 16  4 TR TO ALBERT HAKIM                        600101                               50 000.00
 16  4 TRANSFER FROM ENERGY                      600301                               20 000.00     735 219.78-
 18  4 TR TO R. GOODING                          600101                               37 030.00     772 249.78-
 19  4 ADVANCE FOR EXPENSES                      600301                               15 000.00     787 249.78-
 29  4 CASH WITHDRAWAL                           600101                                7 000.00     794 249.78-
  6  5 CASH WITHDRAWAL                           600101                                3 000.00
  6  5 CASH WITHDRAWAL                           600201                                5 000.00     807 249.78-
  7  5 TR TO CS PARIS                            600301                              116 000.00     918 249.78-
 17  5 TR TO 1ST AMERICAN BANK                   600301                               90 000.00   1 008 249.78-
 21  5 TR TO CIE DE SERV FID RE LO               600101                              250 000.00   1 258 249.78-
```

```
                                                                                        86 12 10  PAGE      7
4999     D I F L X
         LEDGER                            FROM 01 01 86 TO 06 12 86
                                                                        DEBIT        CREDIT       BALANCE
A/C   NAME & DESCRIPTION                    DOC NO CONTRA

                                                  (SUITE)
5600001  CAPITAL INVESTED
 26  5 PMT HOTEL INTERCON SFR 578            600101                                  224.12   1 258 473.90-
 30  5 TR TO BK OF KOREA                     600101                               50 000.00   1 308 473.90-
  7  6 TR TO A HAKIM                         600101                               30 000.00   1 338 473.90-
 17  6 FUNDS RETURNED UNPAID                 600101               50 000.00                   1 288 473.90-
 18  6 TR TO BK OF KOREA                     600101                               45 000.00   1 333 473.90-
  3  7 CASH WITHDRAWAL                       600101                                  420.17
  3  7 CASH WITHDRAWAL                       600201                                  210.08
  3  7 TR TO 1ST AMERICAN BANK               600301                               25 000.00   1 359 104.15-
  5  7 TR TO AH THRU RNB                     600101                               20 050.00   1 379 154.15-
 10  7 TR TO  PHILLIPS                       600401                                4 000.00   1 383 154.15-
 15  7 CASH WITHDRAWAL                       600101                               20 300.00   1 403 454.15-
 16  7 CASH WITHDRAWAL                       600101                                2 500.00
 16  7 CASH WITHDRAWAL                       600201                                2 500.00
 16  7 WITHDRAWAL US$ NOTES                  600301                              206 090.35   1 614 544.50-
 19  7 CASH WITHDRAWAL                       600201                                7 000.00   1 621 544.50-
 22  7 TR TO LOS GATOS                       600101                               75 000.00   1 696 544.50-
 16  8 CASH WITHDRAWAL                       600101                                2 943.46   1 699 487.96-
 28  8 CASH WITHDRAWAL                       600101                               10 000.00
 28  8 TRANSFER                              600401                               48 560.00   1 758 047.96-
  3  9 CASH WITHDRAWAL                       600101                                7 000.00   1 765 047.96-
 17  9 CASH WITHDRAWAL                       600201                               10 000.00
 17  9 CASH WITHDRAWAL. MASOUDI              600201                                2 000.00   1 777 047.96-
 20  9 CHQ K. PHILLIPS                       600401                                2 000.00
 20  9 CHQ K. PHILLIPS                       600401                    0.00                   1 779 047.96-
 23  9 CASH WITHDRAWAL                       600101                               11 500.00
 23  9 CHQ KEUN SIK WON                      600101                                9 500.00   1 800 047.96-
 24  9 CASH WITHDRAWAL                       600101                                5 000.30   1 805 048.26-
  1 10 CHQ K. PHILLIPS                       600401                                2 000.00   1 807 048.26-
  4 10 CASH SOONI HAKIM                      600101                                1 500.00   1 808 548.26-
 15 10 CASH WITHDRAWAL                       600101                                2 000.00   1 810 548.26-
 23 10 CASH WITHDRAWAL                       600201                                9 000.00   1 819 548.26-
 25 10 CHQ K. PHILLIPS                       600401                                2 000.00   1 821 548.26-
 28 10 CASH WITHDRAWAL                       600101                              102 000.00   1 923 548.26-
  7 11 CASH WITHDRAWAL SFR 2000 -            600101                                  943.40   1 924 491.66-
 12 11 CASH WITHDRAWAL                       600201                                7 000.00   1 931 491.66-
 14 11 TR TO CIE DE SERV FID RE AH           600101                               43 030.00   1 974 521.66-
```

960

```
4999     D E F E X                                                                                     86 12 10  PAGE      1
         LEDGER                                    FROM 01 01 84 TO 06 12 86

A/C    NAME & DESCRIPTION                           DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

5600001  CAPITAL INVESTED                                        (SUITE)
 15 11 TR TO CIE DE SERV FID RE AH                   600101                                          20 000.00
 15 11 CASH WITHDRAWAL                               600101                                          25 000.00   2 019 521.66-
 22 11 CASH WITHDRAWAL                               600101                                          21 470.00   2 040 991.66-
 25 11 CHQ K. PHILLIPS                               600401                                           2 000.00   2 042 991.66-
  3 12 PMT VITA ZURICH SFR 19844.80                  600101                                           9 529.32
  3 12 PMT VITA ZURICH SFR 8'332.-                   600101                                           4 000.96   2 056 521.94-
 16 12 CASH WITHDRAWAL SFR 5000.-                    600101                                           2 386.63   2 058 908.57-
 17 12 BAL OF ACCT PHASE I-II-III                    600101                                          82 031.09
 17 12 PROFIT DISTRIBUTION PHASE IV                  600101                                         100 800.00
 17 12 PROFIT DISTRIBUTION PHASE IV                  600201                                         100 800.00
 17 12 REF CHQ K. PHILLIPS                           600401                          2 000.00
 17 12 PROFIT DISTRIBUTION PHASE IV                  600301                                          50 400.00   2 390 939.66-
 86
 21  1 TR TO HOWARD RICE                             600101                                          20 000.00   2 410 939.66-
  6  2 TR TO SCITECH                                 600401                                         100 000.00   2 510 939.66-
  7  2 TR TO A. HAKIM                                600101                                         165 000.00   2 675 939.66-
 13  2 CHQ TO A. GREEN                               600201                                          35 000.00   2 710 939.66-
 18  2 CASH ADVANCE                                  600301                                          15 000.00   2 725 939.66-
 19  2 CASH WITHDRAWAL                               600101                                           1 351.42   2 727 291.08-
 26  2 TRANSFER TO SHARP GREEN & LANK FU             600201                                           1 670.50   2 728 961.58-
  5  3 CSF INV. AH/SUB A/C                           600101                                       2 000 000.00   4 728 961.58-
 18  3 CIE SRV FID CASH AH                           600101                                          28 000.00
 18  3 CSF INV. CASH AH                              600101                                          50 000.00   4 806 961.58-
 14  4 TRANSFER                                      600301                                          25 000.00   4 831 961.58-
 17  4 AH SFR 136734.90                              600101                                          72 580.00
 17  4 CASH ALBERT HAKIM                             600101                                           3 000.00
 17  4 CSF INV. LTD                                  600101                                          15 000.00   4 922 541.58-
 18  4 CSF REIMBT KHALID RASHID                      600201                         31 817.00                    4 890 724.58-
 22  4 REIMBT DEFEX                                  600301                         25 000.00                    4 865 724.58-
 28  4 CASH PASSPORT USA                             600101                                           4 975.00
 28  4 CSF CHQ RVS                                   600201                                          28 111.00   4 898 810.58-
  2  5 TRANSFER                                      600301                                           2 274.80   4 901 085.38-
 16  5 TR TO TAA                                     600401                                         150 000.00   5 051 085.38-
 20  5 CIE SERV. FID AH                              600101                                          26 490.00
 20  5 CSF RVS                                       600201                                          26 498.00
 20  5 CIE SERV FID SCITECH                          600401                                           8 833.00
```

```
4999     D E F E X                                                                              86 12 10  PAGE      4
         LEDGER                              FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                        DOC NO CONTRA                     DEBIT          CREDIT         BALANCE

5600001  CAPITAL INVESTED                               (SUITE)
 20  5 CSF INV RE BUTTON                       600501                                        200 000.00
 20  5 TRANSFER                                600301                                         26 490.00   5 339 388.38-
 21  5 CSF INV. AH SUB A/C 1                   600101                                         10 000.00
 21  5 CASH WITHDRAWAL                         600101                                         60 300.00   5 409 688.38-
 22  5 CSF INV. RE SCITECH                     600401                                        100 000.00   5 509 688.38-
 23  5 CIE DE SERV FID RE AH                   600101                                        500 000.00   6 009 688.38-
 27  5 CASH                                    600101                                         10 000.00   6 019 688.38-
  3  6 TR TO CSF INV. RE AH                    600101                                         79 167.00
  3  6 TR TO CSF INV. RE SCITECH               600401                                         26 390.00
  3  6 TR TO CSF INV. RE KOREL                 600201                                         79 167.00
  3  6 TR TO CSF INV. RE C TEA                 600301                                         79 167.00   6 283 579.38-
 18  6 CSF A/C II  CASH                        600101                                      2 000 000.00
 18  6 CSF A/C III CASH                        600101                                        200 000.00   8 483 579.38-
 20  6 TR TO DEFEX                             600101                                         11 183.00
 20  6 TR TO DEFEX                             600201                                         11 183.00
 20  6 TR TO DEFEX                             600401                                          3 728.00
 20  6 TR TO DEFEX                             600301                                         11 183.00   8 520 856.38-
  1  7 5000 DM CHQ                             600201                                          2 305.32
  1  7 5000 DM CHQ                             600301                                          2 305.31   8 525 467.01-
  2  7 ABT CHQ BUCHINGER PAT.                  600201                         2 305.31
  2  7 ABT CHQ BUCHINGER PAT.                  600301                         2 305.32                    8 520 856.38-
 14  7 CASH WITHDRAWAL                         600301                                         10 000.00   8 530 856.38-
 27  8 TRANSFER FROM DEFEX                     600101                                        258 398.00
 27  8 TRANSFER FROM DEFEX                     600201                                        258 398.00
 27  8 TRANSFER FROM DEFEX                     600301                                        258 398.00
 27  8 TRANSFER FROM DEFEX                     600401                                         86 133.00   9 392 183.38-
  3 10 REIMBURSEMENT CIE SERV. FID  CASH       600101                                        250 000.00   9 642 183.38-
 11 11 CSF INVEST. RE C  TEA                   600301                                         30 000.00   9 672 183.38-
                                                                              ----------  -------------
      TRANSACT. & BALANCE                                                   113 427.63  9 785 611.01   9 672 183.38-
```

H 962

86 12 10

4999 D E F E X
LEDGER

FROM 01 01 84 TO 04 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE

H 963

231

```
                                                                                   86 12 10  PAGE     2
4999     D E F E X
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C    NAME & DESCRIPTION                  DOC.NO CONTRA            DEBIT         CREDIT       BALANCE

6           ****** CHARGES                             US$

600101      ****** ALBERT HAKIM                        US$

 18  2 CASH WITHDRAWAL                    5600001                5 000.00                    5 000.00
 16  4 TR TO LEE YUN                      5600001                3 000.00                    8 000.00
 10  6 TR TO BK OF KOREA                  5600001                5 000.00                   13 000.00
 85
 20  2 CASH WITHDRAWAL                    5600001               20 000.00                   33 000.00
 20  3 CASH WITHDRAWAL                    5600001                3 000.00                   36 000.00
 25  3 CASH WITHDRAWAL                    5600001                3 000.00                   39 000.00
  2  4 CASH WITHDRAWAL                    5600001                5 000.00                   44 000.00
  3  4 TR TO BARCLAYS BANK CALIF          5600001               10 000.00                   54 000.00
  9  4 TR TO BANK OF AMERICA              5600001               12 800.00                   66 800.00
 16  4 TR TO ALBERT HAKIM                 5600001               50 000.00                  116 800.00
 18  4 TR TO R  GOODING                   5600001               37 030.00                  153 830.00
 29  4 CASH WITHDRAWAL                    5600001                7 000.00                  160 830.00
  6  5 CASH WITHDRAWAL                    5600001                3 000.00                  163 830.00
 21  5 TR TO CIE DE SERV FID RE LO        5600001              250 000.00                  413 830.00
 24  5 PMT HOTEL INTERCON SFR 578         5600001                  224.12                  414 054.12
 30  5 TR TO BK OF KOREA                  5600001               50 000.00                  464 054.12
  7  6 TR TO A HAKIM                      5600001               30 000.00                  494 054.12
 17  6 FUNDS RETURNED UNPAID              5600001                             50 000.00    444 054.12
 18  6 TR TO BK OF KOREA                  5600001               45 000.00                  489 054.12
  3  7 CASH WITHDRAWAL                    5600001                  420.17                  489 474.29
  5  7 TR TO AH THRU RNB                  5600001               20 050.00                  509 524.29
 15  7 CASH WITHDRAWAL                    5600001               20 300.00                  529 824.29
 16  7 CASH WITHDRAWAL                    5600001                2 500.00                  532 324.29
 22  7 TR TO LOS GATOS                    5600001               75 000.00                  607 324.29
 16  8 CASH WITHDRAWAL                    5600001                2 943.46                  610 267.75
 28  8 CASH WITHDRAWAL                    5600001               10 000.00                  620 267.75
  3  9 CASH WITHDRAWAL                    5600001                7 000.00                  627 267.75
 23  9 CASH WITHDRAWAL                    5600001               11 500.00
 23  9 CHQ KEUN SIK WON                   5600001                9 500.00                  648 267.75
 24  9 CASH WITHDRAWAL                    5600001                5 000.30                  653 268.05
```

H 964

```
4999     D E F E X
         LEDGER                      FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                  DOC NO CONTRA              DEBIT        CREDIT        BALANCE

                                                   (SUITE)
600101   ALBERT HAKIM
  4 10 CASH SOONI HAKIM                   5600001                   1 500.00                   654 768.05
 15 10 CASH WITHDRAWAL                    5600001                   2 000.00                   656 768.05
 28 10 CASH WITHDRAWAL                    5600001                 102 000.00                   758 768.05
  7 11 CASH WITHDRAWAL SFR 2000.-         5600001                     943.40                   759 711.45
 14 11 TR TO CIE DE SERV FID RE AH        5600001                  43 030.00                   802 741.45
 15 11 TR TO CIE DE SERV FID RE AH        5600001                  20 000.00
 15 11 CASH WITHDRAWAL                    5600001                  25 000.00                   847 741.45
 22 11 CASH WITHDRAWAL                    5600001                  21 470.00                   869 211.45
  3 12 PMT VITA ZURICH SFR 19844.80       5600001                   9 529.32
  3 12 PMT VITA ZURICH SFR 8'332.-        5600001                   4 000.96                   882 741.73
 16 12 CASH WITHDRAWAL SFR 5000.-         5600001                   2 386.63                   885 128.36
 17 12 BAL OF ACCT PHASE I-II-III         5600001                  82 031.09
 17 12 PROFIT DISTRIBUTION PHASE IV       5600001                 100 800.00                 1 067 959.45
86
 21  1 TR TO HOWARD RICE                  5600001                  20 000.00                 1 087 959.45
  7  2 TR TO A. HAKIM                     5600001                 165 000.00                 1 252 959.45
 19  2 CASH WITHDRAWAL                    5600001                   1 351.42                 1 254 310.87
  5  3 CSF INV. AH/SUB A/C                5600001               2 000 000.00                 3 254 310.87
 18  3 CIE SRV FID CASH AH                5600001                  28 000.00
 18  3 CSF INV. CASH AH                   5600001                  50 000.00                 3 332 310.87
 17  4 AH SFR 136734.90                   5600001                  72 580.00
 17  4 CASH ALBERT HAKIM                  5600001                   3 000.00
 17  4 CSF INV. LTD                       5600001                  15 000.00                 3 422 890.87
 28  4 CASH PASSPORT USA                  5600001                   4 975.00                 3 427 865.87
 20  5 CIE SERV. FID AH                   5600001                  26 490.00                 3 454 355.87
 21  5 CSF INV. AH SUB A/C 1              5600001                  10 000.00
 21  5 CASH WITHDRAWAL                    5600001                  60 300.00                 3 524 655.87
 23  5 CIE DE SERV FID RE AH              5600001                 500 000.00                 4 024 655.87
 27  5 CASH                               5600001                  10 000.00                 4 034 655.87
  3  6 TR TO CSF INV  RE AH               5600001                  79 167.00                 4 113 822.87
 18  6 CSF A/C II  CASH                   5600001               2 000 000.00
 18  6 CSF A/C III CASH                   5600001                 200 000.00                 6 313 822.87
 20  6 TR TO DEFEX                        5600001                  11 183.00                 6 325 005.87
 27  8 TRANSFER FROM DEFEX                5600001                 258 398.00                 6 583 403.87
  3 10 REIMBURSEMENT CIE SERV. FID. CASH  5600001                 250 000.00                 6 833 403.87
```

965

```
                                                                                        86 12 18 FINAL
4999     D I F E X                     FROM 01 01 86 TO 06 12 86
         LEDGER                                                          DEBIT        CREDIT       BALANCE
                                          DOC NO CONTRA
A/C.  NAME & DESCRIPTION
                                                 (SUITE)            -------------- --------------
600101   ALBERT HAKIM                                               6 883 403 87    50 000.00  6 833 403 87
        TRANSACT. & BALANCE
```

966 =

```
6999     D E F E X                                                                    86 12 10  PAGE       1
         LEDGER                            FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA               DEBIT          CREDIT        BALANCE

600201    ****** KOREL ASSETS                     US$

20  2 CASH WITHDRAWAL                      5600001                   22 000.00                    22 000.00
85
 7  2 TR TO KOREL                          5600001                  165 000.00                   187 000.00
25  3 TR TO KHALID RASHID                  5600001                   31 817.00                   218 817.00
 3  4 CASH WITHDRAWAL                      5600001                    7 000.00                   225 817.00
10  4 CHQ TO T. GREEN                      5600001                   45 000.00                   270 817.00
12  4 TR TO RVS                            5600001                  101 926.78
12  4 TR TO RVS                            5600001                  118 336.00                   491 079.78
 6  5 CASH WITHDRAWAL                      5600001                    5 000.00                   496 079.78
 3  7 CASH WITHDRAWAL                      5600001                      210.08                   496 289.86
16  7 CASH WITHDRAWAL                      5600001                    2 500.00                   498 789.86
19  7 CASH WITHDRAWAL                      5600001                    7 000.00                   505 789.86
17  9 CASH WITHDRAWAL                      5600001                   10 000.00
17  9 CASH WITHDRAWAL  MASOUDI             5600001                    2 000.00                   517 789.86
23 10 CASH WITHDRAWAL                      5600001                    9 000.00                   526 789.86
12 11 CASH WITHDRAWAL                      5600001                    7 000.00                   533 789.86
17 12 PROFIT DISTRIBUTION PHASE IV         5600001                  100 800.00                   634 589.86
86
13  2 CHQ TO A. GREEN                      5600001                   35 000.00                   669 589.86
26  2 TRANSFER TO SHARP GREEN & LANK FO    5600001                    1 670.50                   671 260.36
18  4 CSF REIMBT KHALID RASHID             5600001                                 31 817.00     639 443.36
28  4 CSF CHQ RVS /                        5600001                   28 111.00                   667 554.36
20  5 CSF RVS                              5600001                   26 490.00                   694 044.36
 3  6 TR TO CSF INV. RE KOREL              5600001                   79 167.00                   773 211.36
20  6 TR TO DEFEX                          5600001                   11 183.00                   784 394.36
 1  7 5000 DM CHQ                          5600001                    2 305.32                   786 699.68
 2  7 RBT CHQ BUCHINGER PAT                5600001                                  2 305.31     784 394.37
27  8 TRANSFER FROM DEFEX                  5600001                  258 398.00                 1 042 792.37
                                                              ---------------- ----------------
      TRANSACT. & BALANCE                                         1 076 914.68     34 122.31   1 042 792.37
```

967

```
                                                                                              86 12 10
4999    DEFEX                           FROM 01 01 84 TO 04 12 86
        LEDGER                                                                DEBIT        CREDIT       BALANCE
                                           DOC.NO CONTRA
A/C.   NAME & DESCRIPTION

                                                 US$
00301    [redacted] C  TEA

 25   2 CASH DEPOSIT                        5600001            15 000 00                    15 000 00
 85
  3   4 TRANSFER FROM ENERGY                5600001            20 000.00                    35 000.00
 16   4 TRANSFER FROM ENERGY                5600001            20 000 00                    55 000.00
 19   4 ADVANCE FOR EXPENSES                5600001            15 000.00                    70 000.00
  7   5 TR TO CS PARIS                      5600001           116 000.00                   186 000 00
 17   5 TR TO 1ST AMERICAN BANK             5600001            90 000.00                   276 000 00
  3   7 TR TO 1ST AMERICAN BANK             5600001            25 000.00                   301 000.00
 16   7 WITHDRAWAL US$ NOTES                5600001           206 090.35                   507 090 35
 17  12 PROFIT DISTRIBUTION PHASE IV        5600001            50 400.00                   557 490.35
 86
 18   2 CASH ADVANCE                        5600001            15 000.00                   572 490.35
 14   4 TRANSFER                            5600001            25 000.00                   597 490.35
 22   4 REIMBT DEFEX                        5600001                          25 000.00     572 490.35
  2   5 TRANSFER                            5600001             2 274.80                   574 765.15
 20   5 TRANSFER                            5600001            26 490.00                   601 255.15
  3   6 TR TO CSF INV. RE C.TEA             5600001            79 167.00                   680 422.15
 20   6 TR TO DEFEX                         5600001            11 183.00                   691 605.15
  1   7 5000 DM CHQ                         5600001             2 305.31                   693 910 46
  2   7 RBT CHQ BUCHINGER PAT               5600001                           2 305.32     691 605.14
 14   7 CASH WITHDRAWAL                     5600001            10 000.00                   701 605.14
 27   8 TRANSFER FROM DEFEX                 5600001           258 398.00                   960 003.14
 11  11 CSF INVEST. RE C. TEA               5600001            30 000 00                   990 003.14
                                                          ---------------  ---------------
                                                          1 017 308.46       27 305.32      990 003.14
        TRANSACT. & BALANCE
```

968

H

```
4999     D I F E X                                                                    86 12 10  PAGE     1
         LEDGER                         FROM 01 01 84 TO 06 12 86

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                 DEBIT         CREDIT       BALANCE


00401      ****** SCITECH                            US$

24   4 CHQ K  PHILLIPS                     5600001                      5 000 00                    5 000 00
14  11 TR TO SCITECH                       5600001                     67 340.00                   72 340 00
85
10   7 TR TO  PHILLIPS                     5600001                      4 000 00                   76 340 00
28   8 TRANSFER                            5600001                     48 560 00                  124 900 00
20   9 CHQ K. PHILLIPS                     5600001                      2 000 00
20   9 CHQ K  PHILLIPS                     5600001                          0 00                  126 900.00
 1  10 CHQ K  PHILLIPS                     5600001                      2 000.00                  128 900 00
25  10 CHQ K. PHILLIPS                     5600001                      2 000.00                  130 900 00
25  11 CHQ K  PHILLIPS                     5600001                      2 000 00                  132 900.00
17  12 REF CHQ K  PHILLIPS                 5600001                                   2 000 00     130 900 00
86
 6   2 TR TO SCITECH                       5600001                    100 000.00                  230 900.00
16   5 TR TO TAA                           5600001                    150 000 00                  380 900 00
20   5 CIE SERV FID SCITECH                5600001                      8 833 00                  389 733.00
22   5 CSF INV  RE SCITECH                 5600001                    100 000 00                  489 733.00
 3   6 TR TO CSF INV. RE SCITECH           5600001                     26 390.00                  516 123 00
20   6 TR TO DEFEX                         5600001                      3 728.00                  519 851.00
27   8 TRANSFER FROM DEFEX                 5600001                     86 133.00                  605 984.00

                                                                 --- ---------- -------------
       TRANSACT  & BALANCE                                            607 984 00     2 000.00     605 984.00
```

969

H

```
                                                                                 86 12 10  PAGE      1
4999    D E F E X                  FROM 01 01 86 TO 06 12 86
        LEDGER                                                          DEBIT         CREDIT        BALANCE
A/C   NAME & DESCRIPTION             DOC NO CONTRA

                                                 US$
600501    ****** BUTTON                                                                              200 000 00
 20  5 CSF INV RE BUTTON               5600001                      200 000 00
                                                              -----------------  ----------------
                                                                    200 000 00            0.00      200 000 00
      TRANSACT  & BALANCE
```

H 970

```
4999     D E F E X                                                                           86 12 10  PAGE      1
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                            DEBIT          CREDIT       BALANCE

                                                                            ************** **************
                GRAND TOTALS                                                 9 899 038.64   9 899 038.64           0 00

                                                                            ************** **************
```

H 971

H 972

```
                                                                                    86 12 10  PAGE    1
03   ALBERT HAKIM                                        TRIAL BALANCE FROM   1 01 84 TO  4 12 86
                                                                                              BALANCE
C. DESCRIPTION                           DEBIT         CREDIT        BALANCE          CURRENCY     US$


      CAPITAL INVESTED                US$
      ##################################

99001 D E F E X                       US$   9 836 361.01     113 427.63   9 722 933.38          9 722 933 38
                                           -------------- -------------- --------------
      TOTAL GROUP                           9 836 361.01     113 427.63   9 722 933.38          9 722 933 38


      CASH ACCOUNTS                   US$
      ##################################

00001 LAKE RES. - CREDIT SUISSE       US$  37 242 567.57  37 241 393.19       1 174.38              1 174.38
02001 GULF MARKETING CONS             US$  13 698 476.63  13 697 982.03         494.60                494.60
03001 DOLMY BUSINESS                  US$     717 500.00     715 169.35       2 330.65              2 330 65
06001 ALBON VALUES                    US$  10 829 049.51  10 823 103.62       5 945.89              5 945.89
07001 TOYCO SA                        US$   6 342 520.35   6 341 716.79         803.56                803.56
08001 HYDE PARK SQUARE                US$  32 959 173.84  32 942 746.84      16 427.00             16 427 00
08101 CALL DEPOSIT - HYDE PARK        US$  12 400 000.00  11 200 000 00   1 200 000.00          1 200 000 00
10000 STANTECH SERVICES SA            SFR      50 000.00      17 728 20      32 271.80             16 896.22

      BANK GUARANTEES                 US$

00001 SERFID GUARANTEE                US$      70 000.00           0 00      70 000.00             70 000.00
                                           -------------- -------------- --------------
      TOTAL BANK GUARANTEES                    70 000 00           0 00      70 000.00             70 000 00

                                           -------------- -------------- --------------
      TOTAL GROUP                         174 912 319.88 173 582 872.00   1 329 447 88          1 314 072 30

      P/L. NET BALANCE (1-5)                                                                  11 037 005 68
```

973

DJ ALBERT HAKIM

TRIAL BALANCE FROM 1 01 84 TO 4 12 86

C	DESCRIPTION		DEBIT	CREDIT	BALANCE	BALANCE CURRENCY	BALANCE US$
	CHARGES	US$					
	##						
)0001	TRANSIT ACCOUNT	US$	1 044 438.00	224 438.00	820 000.00		820 000.00
)0101	SOUTHERN AIR TRANSPORT	US$	3 269 365.00	4 768.20	3 264 596.80		3 264 596.80
J0401	R. QUINTERO	US$	229 218.26	0.00	229 218.26		229 218.26
30501	AEROLEASING SA	US$	226 999.96	0.00	226 999.96		226 999.96
00601	S.B.S. 67-666-BA	US$	11 234 598.37	0.00	11 234 598.37		11 234 598.37
00801	MAULE AIRCRAFT	US$	173 437.71	0.00	173 437.71		173 437.71
00901	COMMERCIAL TULIN SA	US$	155 000.00	0.00	155 000.00		155 000.00
01001	AMALGAMATED COM. ENT	US$	46 892.45	0.00	46 892.45		46 892.45
01101	JOSEPH HAMILTON	US$	125 000.00	0.00	125 000.00		125 000.00
01801	MONZER ALKASSAR	US$	1 500 000.00	0.00	1 500 000.00		1 500 000.00
01901	J. MONTERO	US$	158 686.40	30 000.00	128 686.40		128 686.40
02001	STTGI	US$	552 489.54	70 920.55	481 568.99		481 568.99
02101	ABDUL RAHMAN TINAY	US$	2 636.00	0.00	2 636.00		2 636.00
02401	ALPHA SERVICES	US$	200 000.00	0.00	200 000.00		200 000.00
02501	DENIS PONCE	US$	15 000.00	14 970.00	30.00		30.00
02601	SANTA LUCIA AIRWAYS	US$	127 700.00	0.00	127 700.00		127 700.00
502701	TRANSWORLD ARMS LTD.	US$	1 712 037.00	200 000.00	1 512 037.00		1 512 037.00
502901	TRANSWORLD HOLDING INC.	US$	67 444.69	1 069.43	66 375.26		66 375.26
503301	GAR INC.	US$	1 000.00	0.00	1 000.00		1 000.00
503501	J. BASULTO	US$	503.00	0.00	503.00		503.00
503601	J. GIRAUD	US$	410.00	0.00	410.00		410.00
603701	EAST INC.	US$	657 806.63	0.00	657 806.63		657 806.63
603901	SHIP	US$	585 045.80	0.00	585 045.80		585 045.80
03903	SHIP INSURANCE - DM	DM	110 318.75	0.00	110 318.75		50 259.02
J4101	ACE	US$	1 494 063.60	0.00	1 494 063.60		1 494 063.60
J4201	D.B.&T.C. # 81053	US$	732 250.00	0.00	732 250.00		732 250.00
34301	ARTURO JOSE CARUZ PORRAS	US$	59 500.00	0.00	59 500.00		59 500.00
04401	GOULDENS CLIENTS ACCOUNT	US$	110 000.00	0.00	110 000.00		110 000.00
04501	MOTOROLA INC.	US$	100 000.00	0.00	100 000.00		100 000.00
04601	CODELIS	US$	101 500.00	0.00	101 500.00		101 500.00
04801	500816-JM-601 D	US$	10 200 000.00	0.00	10 200 000.00		10 200 000.00
05001	AERO CONTRACTORS LTD	US$	65 027.00	0.00	65 027.00		65 027.00
35101	BK OTSAR T.A. # 2303705-50	US$	31 500.00	0.00	31 500.00		31 500.00

974

```
03    ALBERT HAKIM                                                                             86 12 10  PAGE    3
                                                                     TRIAL BALANCE FROM   1 01 86 TO  4 12 86
C. DESCRIPTION                                          DEBIT            CREDIT          BALANCE                        BALANCE
                                                                                                          CURRENCY      US$
5201  CORPORATE AIR SERVICES                   US$      211 954.66          0.00        211 954.66                 211 954.66
5301  TOM GREEN                                US$       95 000.00          0.00         95 000.00                  95 000.00
5401  DAVCO ASSOCIATES                         US$       10 000.00          0.00         10 000.00                  10 000.00
5501  COMPANIA DEL DESSAROLLO DE S.ELENA       US$        3 993.00          0.00          3 993.00                   3 993.00
5601  ED JANAY 15.09596.7                      US$       81 433.89          0.00         81 433.89                  81 433.89
5701  FORWAY INDUSTRIES                        US$      310 000.00          0.00        310 000.00                 310 000.00
5801  ACL                                      US$        5 729.68          0.00          5 729.68                   5 729.68
5901  HAEFELIN                                 US$    2 037 000.00          0.00      2 037 000.00               2 037 000.00
6001  STANFORD TECHN. CORP  TDB GE             US$       88 000.00          0.00         88 000.00                  88 000.00
6101  SHEA AND GARDINER                        US$       20 000.00          0.00         20 000.00                  20 000.00
0100  DOMICILIATION + DIRECTORS FEES           SFR       14 250.00          0.00         14 250.00                   7 460.73
0101  DOMICILIATION + DIRECTORS FEES           US$       29 584.49      1 070.95         28 513.54                  28 513.54
0201  BUSINESS EXPENSES                        US$      572 783.98     23 899.86        548 884.12                 548 884.12
0301  TELEPHONE CHARGES                        US$        1 775.86          0.00          1 775.86                   1 775.86
40400 BANK CHARGES                             SFR           50.00          0.00             50.00                      26.18
40401 BANK CHARGES                             US$       68 371.34        595.66         67 775.68                  67 775.68
40403 BANK CHARGES                             DM         5 879.61          0.00          5 879.61                   2 678.63
40501 MANAGEMENT FEES                          US$          882.45          0.00            882.45                     882.45
40600 PROF & LEGAL FEES                        SFR        3 300.00          0.00          3 300.00                   1 727.75
40601 PROF. & LEGAL FEES                       US$       82 546.48          0.00         82 546.48                  82 546.48
50000 TAXES                                    SFR          128.20          0.00            128.20                      67.12
                                                    -------------- -------------- --------------
      TOTAL GROUP                                    41 557 442.55  1 396 663.40  38 160 799.15              38 089 092.02


      INCOME                                   US$
      ####################################

3001  MONEY RECEIVED UNIDENTIFY                US$      355 000.00 29 078 683.64  28 723 683.64-             28 723 683.64-
0201  U.B.S. FRIBOURG                          US$            0.00  1 392 000.00   1 392 000.00-              1 392 000.00-
0301  ALBERT HAKIM                             US$            0.00      2 400.00       2 400.00-                  2 400.00
0401  SAM LOEW                                 US$            0.00  2 000 000.00   2 000 000.00-              2 000 000.00
0501  I.C. INC.                                US$            0.00    797 773.96     797 773.96-                797 773.96
0601  SBS PANAMA                               US$            0.00    950 000.00     950 000.00-                950 000.00-
0701  TRIVERT INT'L                            US$            0.00 10 000 000.00  10 000 000.00-             10 000 000.00-
0801  GARNET OVERSEAS                          US$            0.00  5 000 000.00   5 000 000.00-              5 000 000.00-
0001  INT. EARNED WITH LAKE RESOURCES          US$            0.00     26 558.00      26 558.00-                 26 558.00-
```

```
 203    ALBERT HAKIM                                                                               86 12 10  PAGE    4
                                                                       TRIAL BALANCE FROM   1 01 86 TO  4 12 86
/C  DESCRIPTION                                          DEBIT        CREDIT         BALANCE                    BALANCE
                                                                                                   CURRENCY       US$
 70101   INT. EARNED WITH CSF=INVESTMENTS    US$          0.00      18 616.76      18 616.76-                 18 616.76-
 70201   INT. EARNED WITH GULF MARKETING     US$          0.00      37 529.10      37 529.10-                 37 529.10-
 70401   INT. EARNED WITH ENERGY RESOURCES   US$          0.00      59 136.40      59 136.40-                 59 136.40-
 70601   INT. EARNED WITH ALBON VALUES       US$          0.00      35 338.88      35 338.88-                 35 338.88-
 70701   INT. EARNED WITH TOYCO SA           US$          0.00      18 629.35      18 629.35-                 18 629.35-
 70801   INT. EARNED WITH HYDE PARK          US$          0.00      59 864.83      59 864.83-                 59 864.83-
 70901   INT. EARNED WITH UDALL RESEARCH     US$          0.00       4 915.11       4 915.11-                  4 915.11-
                                                   ------------- ------------- -------------
         TOTAL GROUP                                355 000.00  49 481 446.03  49 126 446.03-             49 126 446.03-

 3       FOREX                               US$
         ####################################

390001   EQUIVALENT SFR / US$                US$     26 525.20           0.00      26 525.20                  26 525.20
390100   FOREX POSITION SFR                  SFR          0.00      50 000.00      50 000.00-                 26 178.00-
390103   FOREX POSITION DM                   DM           0.00     116 198.36     116 198.36-                 52 937.65-
390301   EQUIVALENT DM / US$                 US$     52 938.78           0.00      52 938.78                  52 938.78
                                                   ------------- ------------- -------------
         TOTAL GROUP                                 79 463.98     166 198.36      86 734.38-                    348.33

         P/L. NET BALANCE (6-8)                                                                           11 037 005.68-

 ?       TRANSIT ACCOUNTS                    US$
         ####################################

                                                   ------------- ------------- -------------
         TOTAL GROUP                              17 652 902.25 17 652 902.25           0.00                       0.00
```

```
                                                                        86 12 10  PAGE    5
                                                 TRIAL BALANCE FROM   1 01 84 TO  4 12 86
'03   ALBERT HAKIM                                                                 BALANCE
                              DEBIT          CREDIT       BALANCE       CURRENCY     US$
'C  DESCRIPTION
                                                              0.00                   0.00
                         244 393 489.67 244 393 489 67
     GRAND TOTALS

                    SFR        52.3560
                    DM         45.5580
```

```
203    ALBERT HAKIM                                                                      86 12 10  PAGE    6
                                                              TRIAL BALANCE FROM   1 01 84 TO  4 12 86
/C  DESCRIPTION                                   DEBIT        CREDIT        BALANCE                 BALANCE
                                                                                        CURRENCY     US$
       DATE D'EDITION                            861210
       NOMBRE DE COMPTES                            123
```

4283 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

86 12 10 PAGE 1

978

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
1	****** CAPITAL INVESTED	US$			
4999001	****** D E F E X	US$			
18 2	CASH WITHDRAWAL	999901	5 000.00		5 000.00
20 2	CASH WITHDRAWAL	999901	22 000.00		27 000.00
25 2	CASH DEPOSIT	*999901	15 000.00		42 000.00
16 4	TR TO LEE YUN	999901	3 000.00		45 000.00
24 4	CHQ K. PHILLIPS	999901	5 000.00		50 000.00
18 6	TR TO BK OF KOREA	999901	5 000.00		55 000.00
14 11	TR TO SCITECH	999901	67 340.00		122 340.00
85					
7 2	TR TO KOHEL	999901	165 000.00		287 340.00
20 2	CASH WITHDRAWAL	999901	20 000.00		307 340.00
20 3	CASH WITHDRAWAL	999901	3 000.00		310 340.00
25 3	CASH WITHDRAWAL	999901	3 000.00		
25 3	TR TO KHALID RASHID	999901	31 817.00		345 157.00
2 4	CASH WITHDRAWAL	999901	5 000.00		350 157.00
3 4	TR TO BARCLAYS BANK CALIF.	999901	10 000.00		
3 4	CASH WITHDRAWAL	999901	7 000.00		
3 4	TRANSFER FROM ENERGY	*999901	20 000.00		387 157.00
9 4	TR TO BANK OF AMERICA	999901	12 800.00		399 957.00
10 4	CHQ TO T. GREEN	999901	45 000.00		444 957.00
12 4	TR TO RVS	999901	101 926.78		
12 4	TR TO RVS	999901	118 336.00		665 219.78
16 4	TR TO ALBERT HAKIM	999901	50 000.00		
16 4	TRANSFER FROM ENERGY	*999901	20 000.00		735 219.78
18 4	TR TO R. GOODING	999901	37 030.00		772 249.78
19 4	ADVANCE FOR EXPENSES	*999901	15 000.00		787 249.78
29 4	CASH WITHDRAWAL	999901	7 000.00		794 249.78
6 5	CASH WITHDRAWAL	999901	3 000.00		
6 5	CASH WITHDRAWAL	999901	5 000.00		802 249.78
7 5	TR TO CS PARIS.	*999901	116 000.00		918 249.78
17 5	TR TO 1ST AMERICAN BANK	*999901	90 000.00		1 008 249.78
21 5	TR TO CIE DE SERV FID RE LO	999901	250 000.00		1 258 249.78

```
4203     ALBERT HAKIM                                                               86 12 10  PAGE      2
         LEDGER                       FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                   DOC NO CONTRA                DEBIT         CREDIT        BALANCE

4999001  D E F E X                               (SUITE)
 24  5 PMT HOTEL INTERCON SFR 578          999901                      224.12                   1 258 473.90
 30  5 TR TO BK OF KOREA                   999901                   50 000.00                   1 308 473.90
  7  6 TR TO A.HAKIM              979      999901                   30 000.00                   1 338 473.90
 17  6 FUNDS RETURNED UNPAID               999901                                 50 000.00     1 288 473.90
 18  6 TR TO BK OF KOREA                   999901                   45 000.00                   1 333 473.90
  3  7 CASH WITHDRAWAL                     999901                      420.17
  3  7 CASH WITHDRAWAL                     999901                      210.08
  3  7 TR TO 1ST AMERICAN BANK     H      *999901                   25 000.00                   1 359 104.15
  5  7 TR TO AH THRU RNB                   999901                   20 050.00                   1 379 154.15
 10  7 TR TO  PHILLIPS                     999901                    4 000.00                   1 383 154.15
 15  7 CASH WITHDRAWAL                     999901                   20 300.00                   1 403 454.15
 16  7 CASH WITHDRAWAL                     999901                    2 500.00
 16  7 CASH WITHDRAWAL                     999901                    2 500.00
 16  7 WITHDRAWAL US$ NOTES               *999901                  206 090.35                   1 614 544.50
 19  7 CASH WITHDRAWAL                     999901                    7 000.00                   1 621 544.50
 22  7 TR TO LOS GATOS                     999901                   75 000.00                   1 696 544.50
 16  8 CASH WITHDRAWAL                     999901                    2 943.46                   1 699 487.96
 28  8 CASH WITHDRAWAL                     999901                   10 000.00
 28  8 TRANSFER                            999901                   48 560.00                   1 758 047.96
  3  9 CASH WITHDRAWAL                     999901                    7 000.00                   1 765 047.96
 17  9 CASH WITHDRAWAL                     999901                   10 000.00
 17  9 CASH WITHDRAWAL  MASOUDI            999901                    2 000.00                   1 777 047.96
 20  9 CHQ K. PHILLIPS                     999901                    2 000.00
 20  9 CHQ K. PHILLIPS                     999901                        0.00                   1 779 047.96
 23  9 CASH WITHDRAWAL                     999901                   11 500.00
 23  9 CHQ KEUN SIK WON                    999901                    9 500.00                   1 800 047.96
 24  9 CASH WITHDRAWAL                     999901                    5 000.30                   1 805 048.26
  1 10 CHQ K. PHILLIPS                     999901                    2 000.00                   1 807 048.26
  4 10 CASH SOONI HAKIM                    999901                    1 500.00                   1 808 548.26
 15 10 CASH WITHDRAWAL                     999901                    2 000.00                   1 810 548.26
 23 10 CASH WITHDRAWAL                     999901                    9 000.00                   1 819 548.26
 25 10 CHQ K. PHILLIPS                     999901                    2 000.00                   1 821 548.26
 28 10 CASH WITHDRAWAL                     999901                  102 000.00                   1 923 548.26
  7 11 CASH WITHDRAWAL SFR 2000 -          999901                      943.40                   1 924 491.66
 12 11 CASH WITHDRAWAL                     999901                    7 000.00                   1 931 491.66
 14 11 TR TO CIE DE SERV FID RE AH         999901                   43 030.00                   1 974 521.66
```

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
499Y001 DEFEX	(SUITE)			
15 11 TR TO CIE DE SERV FID RE AH	999901	20 000 00		
15 11 CASH WITHDRAWAL	999901	25 000 00		2 019 521.66
22 11 CASH WITHDRAWAL	999901	21 470 00		2 040 991.66
25 11 CHQ K. PHILLIPS	999901	2 000.00		2 042 991.66
3 12 PMT VITA ZURICH SFR 19844.80	999901	9 529.32		
3 12 PMT VITA ZURICH SFR 8'332.-	999901	4 000.96		2 056 521.94
16 12 CASH WITHDRAWAL SFR 5000=	999901	2 386.63		2 058 908.57
17 12 BAL OF ACCT PHASE I-II-III	999901	82 031.09		
17 12 PROFIT DISTRIBUTION PHASE IV	999901	100 800.00		
17 12 PROFIT DISTRIBUTION PHASE IV	999901	100 800.00		
17 12 REF CHQ K. PHILLIPS	999901		2 000.00	
17 12 PROFIT DISTRIBUTION PHASE IV	*999901	50 400 00		2 390 939.66
86				
21 1 TR TO HOWARD RICE	999901	20 000.00		2 410 939.66
6 2 TR TO SCITECH	999901	100 000 00		2 510 939.66
7 2 TR TO A. HAKIM	999901	165 000 00		2 675 939 66
13 2 CHQ TO A. GREEN	999901	35 000.00		2 710 939 66
18 2 CASH ADVANCE	*999901	15 000 00		2 725 939 66
19 2 CASH WITHDRAWAL	999901	1 351 42		2 727 291 08
26 2 TRANSFER TO SHARP GREEN & LANK FO	999901	1 670.50		2 728 961.58
5 3 CSF INV. AH/SUB A/C	999901	2 000 000 00		4 728 961.58
18 3 CIE SRV FID CASH AH	999901	28 000 00		
18 3 CSF INV. CASH AH	999901	50 000.00		4 806 961.58
14 4 TRANSFER	*999901	25 000 00		4 831 961.58
17 4 AH SFR 136734.90	999901	72 580 00		
17 4 CASH ALBERT HAKIM	999901	3 000 00		
17 4 CSF INV. LTD	999901	15 000.00		4 922 541.58
18 4 CSF REIMBT KHALID RASHID	999901		31 817 00	4 890 724.58
22 4 REIMBT DEFEX	*999901		25 000 00	4 865 724 58
28 4 CASH PASSPORT USA	999901	4 975 00		
28 4 CSF CHQ RVS	999901	28 111 00		4 898 810 58
2 5 TRANSFER	*999901	2 274 80		4 901 085 38
16 5 TR TO TAA	999901	150 000 00		5 051 085.38
20 5 CIE SERV. FID AH	999901	26 490 00		
20 5 CSF RVS	999901	26 490 00		
20 5 CIE SERV FID SCITECH	999901	8 833.00		

```
4203     ALBERT HAKIM
         LEDGER
                                     FROM 01 01 84 TO 04 12 86                          86 12 10  PAGE     4

A/C   NAME & DESCRIPTION                       DOC NO CONTRA                   DEBIT         CREDIT       BALANCE

4999001  D E F E X
                                                    (SUITE)
 20  5 CSF INV RE BUTTON                        999901                  200 000.00
 20  5 TRANSFER                                 *999901                  26 490.00                    5 339 388.38
 21  5 CSF INV. AH SUB A/C 1                    999901                   10 000.00
 21  5 CASH WITHDRAWAL                          999901                   60 300.00                    5 409 688.38
 22  5 CSF INV. RE SCITECH                      999901                  100 000.00                    5 509 688.38
 23  5 CIE DE SERV FID RE AH                    999901                  500 000.00                    6 009 688.38
 27  5 CASH                                     999901                   10 000.00                    6 019 688.38
  3  6 TR TO CSF INV. RE AH                     999901                   79 167.00
  3  6 TR TO CSF INV  RE SCITECH                999901                   26 390.00
  3  6 TR TO CSF INV. RE KOREL                  999901                   79 167.00
  3  6 TR TO CSF INV  RE C.TEA                  999901                   79 167.00                    6 283 579.38
 18  6 CSF A/C II  CASH                         5608001               2 000 000.00
 18  6 CSF A/C III CASH                         5608001                 200 000.00                    8 483 579.38
 20  6 TR TO DEFEX                              *5607001                 11 183.00
 20  6 TR TO DEFEX                              *5607001                 11 183.00
 20  6 TR TO DEFEX                              *5607001                  3 728.00
 20  6 TR TO DEFEX                              *5607001                 11 183.00                    8 520 856.38
 24  6 TR TO DEFEX                              5609001                  50 750.00                    8 571 606.38
  1  7 5000 DM CHQ                              *5606001                  2 305.32
  1  7 5000 DM CHQ                              *5606001                  2 305.31                    8 576 217.01
  2  7 RBT CHQ BUCHINGER PAT                    *5606001                                2 305.31
  2  7 RBT CHQ BUCHINGER PAT.                   *5606001                                2 305.32      8 571 606.38
 14  7 CASH WITHDRAWAL                          5608001                  10 000.00                    8 581 606.38
 27  8 TRANSFER FROM DEFEX                      *999901                 258 398.00
 27  8 TRANSFER FROM DEFEX                      *999901                 258 398.00
 27  8 TRANSFER FROM DEFEX                      *999901                 258 398.00
 27  8 TRANSFER FROM DEFEX                      *999901                  86 133.00                    9 442 933.38
  3 10 REIMBURSEMENT CIE SERV  FID  CASH        5608001                 250 000.00                    9 692 933.38
 11 11 CSF INVEST. RE C. TEA                    5608001                  30 000.00                    9 722 933.38
                                                                     ------------- --------------
      TRANSACT. & BALANCE                                             9 836 361.01    113 427.63    9 722 933.38
```

H 981

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE

```
4203      ALBERT HAKIM
          LEDGER                          FROM 01 01 84 TO 06 12 86                        86 12 10  PAGE      2

A/C     NAME & DESCRIPTION                      DOC NO CONTRA                 DEBIT           CREDIT          BALANCE

5            ****** CASH ACCOUNTS                      US$

5600001      ****** LAKE RES. - CREDIT SUISSE          US$

 24  7 TRANSFER FROM AUDIFI                   700201                    500 000.00                          500 000.00
 85
 26  7 ON CALL                                5600101                                   1 000 000.00
 26  7 TRANSFER FROM AUDIFI                   700201                    500 000.00                                0.00
  5  8 TRANSFER FROM AUDIFI                   700201                    392 000.00                          392 000.00
  7  8 FIDUCIARY DEPOSIT                      5600201                                     392 000.00              0.00
 21  8 TR FROM JOSEPH COORS                   700001                     65 000.00                           65 000.00
 26  8 OFF CALL                               5600101                 1 000 000.00
 26  8 INTEREST                               770001                      5 920.13                        1 070 920.13
 28  8 AGIO                                   640401                                          60.00
 28  8 TRANSFER                               601601                                      48 560.00
 28  8 BANK CHARGES                           640401                                           6.55
 28  8 CASH WITHDRAWAL                        600201                                      10 000.00       1 012 293.58
 29  8 CHQ R. QUINTERO                        600401                                       4 000.00
 29  8 BANK CHARGES                           640401                                           3.10       1 008 290.48
 30  8 TRANSFER TO BCO BILBAO                 601801                                   1 000 000.00
 30  8 BANK CHARGES                           640401                                           6.55           8 283.93
  3  9 CASH WITHDRAWAL                        600201                                       7 000.00
  3  9 AGIO                                   640401                                          75.00
  3  9 CASH RECEIVED                          700301                      2 400.00                            3 608.93
  5  9 CM IBC                                 700001                    130 000.00                          133 608.93
  6  9 REDEMPTION                             5600201                   392 000.00
  6  9 INTEREST                               770001                      2 368.34
  6  9 FIDUCIARY DEPOSIT                      5600201                                     392 000.00        135 977.27
 11  9 TR TO STTGI                            602001                                      15 050.00
 11  9 BANK CHARGES                           640401                                           6.64
 11  9 BANK CHARGES                           640401                                         290.00
 11  9 CO ON L/C                              640401                                       1 720.00
 11  9 TR TO MAULE AIRCRAFT                   600801                                      59 000.00
 11  9 BANK CHARGES                           640401                                           6.64          59 903.99
 13  9 PMT R. QUINTERO                        600401                                       4 000.00
```

983

H

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

86 12 10 PAGE 3

984 H

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES - CREDIT SUISSE	(SUITE)			
13 9	BANK CHARGES	640401		2.92	
13 9	TR TO ABDUL RAHMAN	602101		2 636.00	53 265.07
17 9	CASH WITHDRAWAL	600301		10 000.00	
17 9	AGIO	640401		50.00	
17 9	ON CALL	5600101		290 000.00	
17 9	TRANSFER	5604001	279 945.56		33 160.63
20 9	CHQ K. PHILLIPS	602201		2 000.00	
20 9	BANK CHARGES	640401		2.96	
20 9	TR FROM SAM LOEW	700401	1 000 000.00		
20 9	CHQ UNPAID IBC	700001		130 000.00	
20 9	BANK CHARGES	640401		6.64	901 151.03
23 9	CHQ R. QUINTERO	600401		2 378.93	
23 9	BANK CHARGES	640401		3.18	
23 9	TR TO MAULE AIRCRAFT	600801		4 000.00	
23 9	CHQ KEUN SIK WON	602301		9 500.00	
23 9	CASH WITHDRAWAL	600201		11 500.00	
23 9	BANK CHARGES	640401		256.64	
23 9	CM IBC	700001	129 935.86		
23 9	BANK CHARGES	640401		10.00	1 003 438.14
24 9	ON CALL	5600101		600 000.00	
24 9	CASH WITHDRAWAL	600201		5 000.30	398 437.84
30 9	BANK CHARGES	640401		6.64	
30 9	TR TO ENERGY	5604001		984.12	
30 9	CLOSING ENTRIES	640401		16.76	
30 9	TR TO ALPHA SERVICES	602401		175 000.00	222 430.32
1 10	TR TO ALPHA SERVICES	602401		25 000.00	
1 10	BANK CHARGES	640401		6.64	
1 10	TR TO SBS GVA	600601		301 500.00	
1 10	BANK CHARGES	640401		2.21	
1 10	CHQ K. PHILLIPS	602201		2 000.00	
1 10	BANK CHARGES	640401		3.16	
1 10	CHQ R. QUINTERO	600401		4 000.00	
1 10	BANK CHARGES	640401		3.16	
1 10	OFF CALL	5600101	150 000.00		40 717.24
1 10	INTEREST	770001	802.09		
2 10	INTEREST	770001	85.94		

```
4203      ALBERT HAKIM
          LEDGER                             FROM 01 01 86 TO 04 12 86                        86 12 10  PAGE     4

A/C.  NAME & DESCRIPTION                       DOC NO CONTRA              DEBIT          CREDIT        BALANCE

5600001  LAKE RES. - CREDIT SUISSE                    (SUITE)
  2 10 INTEREST                                770001                    830 73                      41 633.91
  4 10 CASH SOONI HAKIM                        600201                                   1 500 00
  4 10 BANK CHARGES                            640401                                      13.82     40 120 09
  7 10 INTEREST                                770001                  2 489.47
  7 10 FIDUCIARY DEPOSIT                       5600201                                  8 000.00     34 609.56
 11 10 TR FROM IC INC                          700501                 99 947 68                     134 557.24
 15 10 PMT INV. COMP. DE SERV. FID.            640101                                   4 650.00
 15 10 PMT INV. COMP. DE SERV. FID.            640101                                   4 157.04
 15 10 CASH WITH. MASOUDI                      640201                                   5 000 00
 15 10 CASH WITH. MASOUDI                      600301                                   2 000.00
 15 10 CASH WITHDRAWAL                         600201                                   2 000.00
 15 10 BANK CHARGES                            640401                                      45.00
 15 10 CHQ R. QUINTERO                         600401                                   4 000 00
 15 10 BANK CHARGES                            640401                                       3.23    112 701 97
 17 10 PMT HOTEL INTERCONTINENTAL               640201                                   4 812.82    107 889.15
 18 10 TR. FROM ENERGY SBS                     5605001                 3 394.58                     111 283.73
 21 10 TR TO MAULE AIRCRAFT                    600801                                  50 225.00
 21 10 BANK CHARGES                            640401                                       6.91
 21 10 PMT COM. TULIN SA                       600901                                  15 000.00
 21 10 BANK CHARGES                            640401                                      13.82
 21 10 PMT DENIS PONCE                         602501                                   5 000.00
 21 10 BANK CHARGES                            640401                                       6.91     41 031.09
 23 10 CASH WITHDRAWAL                         600301                                   9 000.00
 23 10 AGIO                                    640401                                      45 00     31 986.09
 25 10 CHQ K. PHILLIPS                         602201                                   2 000.00
 25 10 BANK CHARGES                            640401                                       3 26
 25 10 TR. FROM ENERGY SBS                     5605001                   200.00                      30 182.83
 28 10 CASH WITHDRAWAL                         600201                                 102 000.00
 28 10 BANK CHARGES                            640401                                       9.22     71 826.39-
  4 11 TR FROM BARCLAYS BANK                   700001                149 915 53                      78 089.14
  7 11 INTEREST                                770001                  2 497 22
  7 11 CASH WITHDRAWAL SFR 2000 --             600201                                     943.40
  7 11 OFF CALL                                5600101               200 000 00
  7 11 INTEREST                                770001                  5 087 50
  7 11 FIDUCIARY DEPOSIT                       5600201                                100 000.00    184 730.46
 12 11 PMT INV. AUDIFI                         640101                                     233.37
```

985

H

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

86 12 10 PAGE 5

H 986

A/C. NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001 LAKE RES. - CREDIT SUISSE	(SUITE)			
12 11 CHQ R. QUINTERO	600401		902.05	
12 11 BANK CHARGES	640401		3.27	
12 11 CASH WITHDRAWAL	600301		7 000.00	
12 11 AGIO	640601		35.00	
12 11 PMT INV. CSF	640101		1 400.23	175 156.54
14 11 TR TO CIE DE SERV. FID. AH	600201		43 030.00	
14 11 BANK CHARGES	640601		7.01	
14 11 TR TO SCITECH	601301		67 340.00	
14 11 BANK CHARGES	640401		7.01	64 772.52
15 11 TR TO CIE DE SERV. FID. AH	600201		20 000.00	
15 11 BANK CHARGES	640401		7.01	
15 11 TR TO D. PONCE	602501		5 000.00	
15 11 BANK CHARGES	640401		1.87	
15 11 TR TO TULIN SA	600901		15 000.00	
15 11 BANK CHARGES	640401		1.87	
15 11 CASH WITHDRAWAL	600201		25 000.00	
15 11 TR TO TULIN SA	600901		15 000.00	
15 11 TR TO DENIS PONCE	602501		5 000.00	
15 11 BANK CHARGES	640401		30.37	20 268.60-
18 11 TRANSFER TO CSF INV. LTD	999901		80 000.00	
18 11 OFF CALL	5600101	540 000.00		
18 11 INTEREST	770001	1 134.38		
18 11 BANK CHARGES	640401		7.01	
18 11 BANK CHARGES	640401		7.01	
18 11 TR FROM IC INC	700501	47 973.65		
18 11 TR TO AMALGAMATED COM. ENT.	604101		450 630.00	38 195.41
20 11 TRANSFER	700001	1 000 000.00		1 038 195.41
21 11 PMT INV. CIE DE SERV. FID	640601		7 500.00	1 030 695.41
22 11 TRANSFER TO CSF INV. LTD	999901		870 000.00	
22 11 BANK CHARGES	640401		7.01	
22 11 TRANSFER SBS	600601		100 000.00	
22 11 BANK CHARGES	640401		1 152.01	
22 11 CASH WITHDRAWAL	600201		21 470.00	38 066.39
25 11 CHQ R. QUINTERO	600401		4 000.00	
25 11 CHQ K. PHILLIPS	602201		2 000.00	
25 11 FUNDS RECEIVED LESS BK CHARGES	602501	4 970.00		37 036.39

4203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 86 12 86
86 12 10 PAGE 6

987
H

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	LAKE RES. - CREDIT SUISSE	(SUITE)			
29 11	TR TO SANTA LUCIA AIRWAYS	602601		127 700.00	
29 11	BANK CHARGES	640401		1.87	90 665.48-
3 12	PMT VITA ZURICH AH SFR 19844.80	600201		9 529.32	
3 12	PMT VITA ZURICH AH SFR 8'332.--	600201		4 000.96	104 195.76-
6 12	TRANSFER TO CSF INV. LTD	999901		390 000.00	
6 12	INTEREST	770001	2 920.14		
6 12	REDEMPTION	5600201	500 000.00		8 724.38
16 12	CASH WITHDRAWAL SFR 5000.--	600201		2 386.63	6 337.75
17 12	TRANSFER	700001	299 903.08		306 240.83
18 12	CASH WITHDRAWAL	601901		2 540.00	
18 12	AGIO	640401		12.70	303 688.13
20 12	TRANSFER TO CSF INV. LTD	999901	-	299 000.00	
20 12	BANK CHARGES	640401		7.21	4 680.92
31 12	CLOSING ENTRIES	640401		379.17	
31 12	ADJ.	640401		0.01	4 301.74
86					
3 1	REVERSAL PMT PONCE	602501	5 000.00		9 301.74
10 1	RECEIVED FRM NATL BK WASH	700001	60 000.00		
10 1	BANK CHARGES	640401		31.95	69 269.79
16 1	REVERSAL PMT D. PONCE	602501	5 000.00		74 269.79
22 1	FROM BARCLAYS BANK	700001	360 000.00		
22 1	BANK CHARGES	640401		124.15	434 145.64
27 1	NEW FUNDS	5601001		400 000.00	
27 1	DEFEX	603201		26 174.70	
27 1	BANK CHARGES	640401		2.39	7 968.55
7 2	NEW FUNDS BCCI- MONTE CARLO	700001	2 500 000.00		2 507 968.55
10 2	TRANSFER	5601001		650 000.00	
10 2	500816-JM-601D	604801		1 850 000.00	
10 2	BANK CHARGES	640401		2.50	
10 2	FROM BCCI-CHASE	700001	2 500 000.00		2 507 966.05
11 2	500816-JM-601D	604801		1 850 000.00	
11 2	BANK CHARGES	640401		2.50	657 963.55
13 2	ON CALL	5600101		650 000.00	7 963.55
17 2	HOTEL INTERCONTINENTAL	640201		665.94	
17 2	CASH WITHDRAWAL	640201		300.00	
17 2	BANK CHARGES	640401		5.17	

```
                                                                                       86 12 10

4203    ALBERT HAKIM                FROM 01 01 84 TO 04 12 86
        LEDGER                                                          DEBIT          CREDIT        BALANCE
                                       DOC NO CONTRA
A/C.  NAME & DESCRIPTION
                                                  (SUITE)                                3 500.00
5600001  LAKE RES  - CREDIT SUISSE           604301                                        25.00
 17  2 ARTURO JOSE CARUZ PORRAS              640401                                   10 000.00
 17  2 BANK CHARGES                          600901                                        25.00
 17  2 COMMERCIAL TULIN SA                   640401                                         7.50
 17  2 BANK CHARGES                          640401                                   10 000.00
 17  2 BANK CHARGES                          603701                                         7.50
 17  2 EAST INC                              640401                                   10 417.57
 17  2 BANK CHARGES                          601901                                        15.00
 17  2 TR TO J. MONTERO                      540401                                   31 500.00    58 505.13-
 17  2 BANK CHARGES                          605101                                5 000 000.00
 17  2 TR TO BK OTSAR T.A.                   5602001                                      150.00
 18  2 FROM LAKE                             640401              1 000 000 00
 18  2 BANK CHARGES                          700401              5 000 000.00
 18  2 SAM LOEWE                             700001                                   50 125.00   891 219.87
 18  2 CHECK BCCI                            *                                     1 531 219.87
 18  2 WITHDRAWAL CASH                       5602001               650 000 00                  10 993.06
 21  2 FROM LAKE                             5600101                   993 06
 21  2 OFF CALL                              770001                                  240 000.00   229 014.44-
 21  2 INTEREST                              600101                                         7.50   20 985 56
 26  2 SAT                                   640401                250 000 00
 26  2 BANK CHARGES                          5602001                50 000 00
 28  2 TO LAKE                               5602001                                  50 000.00
  5  3 TO LAKE (SAT)                         600101                                         7.98   20 977.58
  5  3 SAT                                   640401                100 000.00
  5  3 BANK CHARGES                          5602001                                        2.66   20 974 92
 10  3 TO LAKE                               640401                                  100 000.00
 10  3 BANK CHARGES                          604201                                   10 000 00    10 958 96
 10  3 TR TO A/C 81053                       600901                                        15.96   10 787 00
 18  3 COMMERCIAL TULIN SA                   640401                                       171.96  660 639 63
 18  3 BANK CHARGES                          640401                649 852 63                     657 414 63
 31  3 DEBIT INTEREST                        700501                                     3 225 00   15 639 63
 15  4 IC INC                                999901                                   661 775 00
 17  4 WITH TR TO UDALL                      5609001                                   15 000 00
 18  4 FROM LAKE                             5602001                              10 000 000.00       639.63
 14  5 TR FRM LAKE                           5608001            10 000 000 00
 14  5 TRANSFER FROM LAKE                    700701
 14  5 TRIVERT INT
```

988 H

```
4203     ALBERT HAKIM                                                                              86 12 10  PAGE      8
         LEDGER                         FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                    DEBIT          CREDIT          BALANCE

5600001  LAKE RES  - CREDIT SUISSE                    (SUITE)
 15  5 DISCOUNT BK & TRUST                   700001                       225 000 00                       225 639 63
 16  5 TRANSFER FROM LAKE                    5608001                                   5 000 000 00
 16  5 TRANSFER FROM LAKE                    5608001                                   1 200 000 00
 16  5 GARNET OVERSEAS                       700801                     5 000 000 00
 16  5 DISCOUNT BK & TRUST                   700001                     1 460 000 00
 14  5 CASH WITHDRAWAL                       999901                                      224 438.00
 16  5 BANK CHARGES                          640401                                          562.00    260 639 63
 21  5 CASH WITHDRAWAL                       999901                                      260 000.00        639 63
 30  6 BANK CHARGES                          640401                                            6 91        632 72
 25  9 EAST INC.                             603701                                       14 449.25     13 816 53-
 26  9 TRANSFER TO LAKE RESOURCES            5608001                       15 000.00
 26  9 BANK CHARGES                          640401                                            9.09      1 174.38
                                                                    -------------- --------------
      TRANSACT  & BALANCE                                          37 242 567.57 37 241 393 19          1 174 38
```

```
                                                                                86 12 16
4203     ALBERT HAKIM                         FROM 01 01 84 TO 06 12 86
         LEDGER
                                                                          DEBIT           CREDIT         BALANCE
                                               DOC NO CONTRA
A/C   NAME & DESCRIPTION

5600101   ****** CALL DEPOSIT - LAKE RESOURCES       US$
                                                                                                      1 000 000.00
                                             5600001              1 000 000.00
 26  7 ON CALL                                                                     1 000 000.00              0.00
 85                                          5600001                                                  290 000.00
 26  8 OFF CALL                              5600001                290 000.00                         890 000.00
 17  9 ON CALL                               5600001                600 000.00                         740 000.00
 24  9 ON CALL                               5600001                                 150 000.00        540 000.00
  1 10 OFF CALL                              5600001                                 200 000.00              0.00
  7 11 OFF CALL                              5600001                                 540 000.00
 18 11 OFF CALL                                                                                       650 000.00
 86                                          5600001                650 000.00                               0.00
 13  2 ON CALL                               5600001                                 650 000.00
 21  2 OFF CALL
                                                                  --------------  --------------
                                                                  2 540 000.00    2 540 000.00               0.00
      TRANSACT  & BALANCE
```

```
4203     ALBERT HAKIM                                                                          86 12 10  PAGE      1
         LEDGER                       FROM 01 01 84 TO 04 12 86

A/C  NAME & DESCRIPTION                    DOC NO CONTRA                    DEBIT          CREDIT        BALANCE

5600201    ****** FID  DEPOSIT - LAKE RESOURCES      US$

  7  8 FIDUCIARY DEPOSIT                        5600001              392 000 00                       392 000.00
85
  6  9 REDEMPTION                               5600001                             392 000.00
  6  9 FIDUCIARY DEPOSIT                        5600001              392 000.00                       392 000 00
  7 10 FIDUCIARY DEPOSIT                        5600001                8 000.00                       400 000.00
  7 11 FIDUCIARY DEPOSIT                        5600001              100 000.00                       500 000.00
  6 12 REDEMPTION                               5600001                             500 000.00              0.00
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                           892 000.00     892 000.00              0.00
```

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

992

A/C. NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5601001 ****** CSF INVESTMENTS LTD.	US$			
18 11 ON CALL	5601101		80 000.00	
85				
18 11 TRANSFER FROM LAKE RES.	999901	80 000.00		0.00
22 11 ON CALL	5601101		870 000.00	
22 11 TRANSFER FROM LAKE RES.	999901	870 000.00		0.00
6 12 ON CALL	5601101		50 000.00	
6 12 FIDUCIARY DEPOSIT	5601201		340 000.00	
6 12 TRANSFER FROM LAKE RES.	999901	390 000.00		
6 12 BANK CHARGES	640401		7.21	7.21-
10 12 TRANSFER TO SOUTHERN AIR TRANSPOR	600101		60 000.00	
10 12 BANK CHARGES	640401		7.21	60 014.42-
11 12 OFF CALL	5601101	60 000.00		14.42-
13 12 OFF CALL	5601101	300 000.00		
13 12 TRANSFER TO SBS GVA	600601		300 000.00	
13 12 BANK CHARGES	640401		5.00	19.42-
16 12 PAYMENT TO AEROLEASING GVA	600501		21 983.27	22 002.69-
17 12 BAL OF ACCOUNT PHASE I+II+III	600201		82 031.09	
17 12 PROFIT DISTRIBUTION PHASE IV	600201		100 800.00	
17 12 PROFIT DISTRIBUTION PHASE IV	600301		100 800.00	
17 12 BUSINESS EXPENSES PHASE IV	640201		50 000.00	
17 12 REF CHQ K. PHILLIPS	601301	2 000.00		
17 12 R.Q. BUS EXPENSES	600401		10 000.00	
17 12 PROFIT DISTRIBUTION PHASE IV	999901		50 400.00	414 033.78-
18 12 TR. TO SOUTHERN AIR TRANSPORT	600101		58 500.00	472 533.78-
20 12 ON CALL	5601101		299 000.00	
20 12 TRANSFER FROM LAKE RES.	999901	299 000.00		472 533.78-
26 12 OFF CALL	5601101	98 000.00		374 533.78-
27 12 TR. TO EAST INC.	603701		100 500.00	475 033.78-
30 12 OFF CALL	5601101	537 000.00		61 966.22
86				
6 1 REDEMPTION	5601201	340 000.00		
6 1 INTEREST	770101	2 415.42		
6 1 FIDUCIARY DEPOSIT	5601201		342 415.42	61 966.22
7 1 BANK CHARGES	640401		3.35	

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 2

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5601001	CSF INVESTMENTS LTD.	(SUITE)			
7 1	PAYMENT TO R QUINTERO	600401		4 000.00	57 962.87
8 1	MANAGEMENT FEES 4TH QTR 85	640501		882.45	
8 1	TR TO JOSEPH HAMILTON	601101		125 000.00	67 919.58-
10 1	OFF CALL	5601101	63 000.00		4 919.58-
15 1	CHQ TO MAULE AIRCRAFT	600801		5 100.00	
15 1	TR TO TULIN SA	600901		10 000.00	20 019.58-
21 1	TR TO HOWARD RICE	601201		20 000.00	40 019.58-
22 1	OFF CALL	5601101	241 000.00		
22 1	INTEREST	770101	9 145.90		
22 1	TR TO SOUTHERN AIR TRANSPORT	600101		20 000.00	
22 1	TR TO AMALGAMATED COM. ENT	604101		230 000.00	39 873.68-
27 1	NEW FUNDS	5600001	400 000.00		
27 1	ON CALL	5601101		370 000.00	9 873.68-
30 1	BANK CHARGES	640401		3.49	
30 1	PMT TO R.QUINTERO	600401		4 000.00	13 877.17-
31 1	BANK CHARGES	640401		23.92	
31 1	OFF CALL	5601101	150 000.00		
31 1	INTEREST	770101	292.91		
31 1	TR TO AMALGAMATED COM. ENT	604101		150 000.00	13 608.18-
3 2	TR TO MAULE AIRCRAFT	600801		50 535.04	
3 2	TELEPHONE CHARGES	640301		9.96	
3 2	BANK CHARGES	640401		10.00	64 163.18-
6 2	REDEMPTION	5601201	342 415.42		
6 2	INTEREST	770101	2 358.86		
6 2	FIDUCIARY DEPOSIT	5601201		344 774.28	
6 2	TR TO SCITECH	601301		100 000.00	164 163.18-
7 2	INTEREST	770101	346.35		
7 2	TR TO A. HAKIM	600201		165 000.00	
7 2	TR TO KOREL ASSETS	601401		165 000.00	493 816.83-
10 2	TRANSFER	5600001	650 000.00		156 183.17
11 2	ON CALL	5601101		600 000.00	
11 2	INTEREST	770101	168.06		443 648.77-
13 2	CHQ TO A. GREEN	601501		35 000.00	478 648.77-
14 2	TR TO SOUTHERN AIR TRANSPORT	600101		270 000.00	748 648.77-
17 2	OFF CALL	5601101	280 000.00		468 648.77-
18 2	TEL. CHARGES	640301		100.00	

963

H

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 3

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5601001	CSF INVESTMENTS LTD.	(SUITE)			
18	2 BANK CHARGES	640401		50.00	
18	2 INTEREST	770101	1 096 18		467 702 59-
19	2 OFF CALL	5601101	35 000 00		
19	2 OFF CALL	5601101	15 000.00		
19	2 INTEREST	770101	103 12		
19	2 CASH WITHDRAWAL	600201		1 351.42	418 950 89-
20	2 BANK CHARGES	640401		10.00	
20	2 TR. TO EAST INC.	603701		20 000.00	438 960.89-
25	2 OFF CALL	5601101	490 000 00		
25	2 INTEREST	770101	541 46		
25	2 ADJ INT.	770101	20.00		51 600.57
26	2 BANK CHARGES	640401		7.50	
26	2 TR TO SHARP GREEN & LANK FORD	601701		1 670.50	
26	2 TR TO R. QUINTERO	600401		5 000.00	
26	2 TR. TO EAST INC.	603701		92 440.44	47 517 87-
27	2 TR TO SBS GVA	600601		222 000.00	
27	2 BANK CHARGES	640401		2.50	269 520.37-
28	2 PMT TO MAULE AIRCRAFT	600801		4 577.67	
28	2 TRANSFER TO GMC	5602001		79 000.00	353 098.04-
3	3 3 CHECKS TO J. MONTERO	601901		30 000.00	383 098.04-
4	3 TR TO J.R. MONTERO	601901		21 000.00	
4	3 BANK CHARGES	640401		15.00	404 113.04-
5	3 RD CHQ MONTERO	601901	30 000.00		374 113.04-
6	3 REDEMPTION	5601201	344 774 28		
6	3 INTEREST	770101	2 128.50		27 210.26-
25	3 CHQ R. QUINTERO	600401		10 000.00	
25	3 BANK CHARGES	640401		3.64	37 213 90-
26	3 TRANSFER FROM GMC	5602001	37 213 90		0 00
	TRANSACT. & BALANCE		6 073 020 36	6 073 020 36	0.00

H 994

```
4203     ALBERT HAKIM                                                                       86 12 10  PAGE      1
         LEDGER                       FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                   DOC NO CONTRA                       DEBIT           CREDIT        BALANCE

601101    ****** CALL DEPOSIT - CSF INVESTMENTS LTD. US$

18 11 ON CALL                                    5601001                  80 000.00                        80 000.00
85
22 11 ON CALL                                    5601001                 870 000.00                       950 000.00
 6 12 ON CALL                                    5601001                  50 000.00                     1 000 000.00
11 12 OFF CALL                                   5601001                                 60 000.00        940 000.00
13 12 OFF CALL                                   5601001                                300 000.00        640 000.00
20 12 ON CALL                                    5601001                 299 000.00                       939 000.00
26 12 OFF CALL                                   5601001                                 98 000.00        841 000.00
30 12 OFF CALL                                   5601001                                537 000.00        304 000.00
86
10  1 OFF CALL                                   5601001                                 63 000.00        241 000.00
22  1 OFF CALL                                   5601001                                241 000.00              0.00
27  1 ON CALL                                    5601001                 370 000.00                       370 000.00
31  1 OFF CALL                                   5601001                                150 000.00        220 000.00
11  2 ON CALL                                    5601001                 600 000.00                       820 000.00
17  2 OFF CALL                                   5601001                                280 000.00        540 000.00
19  2 OFF CALL                                   5601001                                 35 000.00
19  2 OFF CALL                                   5601001                                 15 000.00        490 000.00
25  2 OFF CALL                                   5601001                                490 000.00              0.00
                                                                        -------------- --------------
      TRANSACT  & BALANCE                                             2 269 000.00   2 269 000.00              0.00
```

H 995

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5601201	****** FID DEPOSIT - CSF INVESTMENTS LTD. US$				
6 12	FIDUCIARY DEPOSIT	5601001	340 000.00		340 000.00
86					
6 1	REDEMPTION	5601001		340 000.00	
6 1	FIDUCIARY DEPOSIT	5601001	342 415.42		342 415.42
6 2	REDEMPTION	5601001		342 415.42	
6 2	FIDUCIARY DEPOSIT	5601001	344 774.28		344 774.28
6 3	REDEMPTION	5601001		344 774.28	0.00
	TRANSACT. & BALANCE	=	1 027 189.70	1 027 189.70	0.00

996

4203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 04 12 86
86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5602001	****** GULF MARKETING CONS	US$			
18 2	FROM LAKE	5600001	5 000 000 00		
86					
18 2	ON CALL	5602101		5 000 000 00	0 00
19 2	INTEREST	770201	1 006 95		1 006 95
21 2	FROM LAKE	5600001	1 531 219 87		
21 2	FID DEPOSIT	5602201		1 200 000 00	
21 2	ON CALL	5602101		330 000 00	2 226 82
26 2	INTEREST	770201	7 380 90		9 607 72
28 2	TRANSFER TO GMC	5601001	79 000 00		
28 2	OFF CALL	5602101	250 000 00		
28 2	TO LAKE	5600001		250 000 00	88 607 72
5 3	FROM CALL	5602101	5 080 000 00		
5 3	TO LAKE (SAT)	5600001		50 000 00	
5 3	TO CSF (JRM)	601901		30 000 00	
5 3	BANK CHARGES	640401		25 00	
5 3	CASH WITHDRAWAL	999901		5 000 000 00	
5 3	INTEREST	770201	7 262 08		95 844 80
10 3	TO LAKE	5600001		100 000 00	4 155 20
17 3	ACE	604101		475 000 00	
17 3	BANK CHARGES	640401		26 60	479 181 80-
18 3	CIE SRV. FID CASH AH	600201		28 000 00	
18 3	BANK CHARGES	640401		420 00	
18 3	CSF INV. CASH AH	600201		50 000 00	
18 3	BANK CHARGES	640401		750 00	558 351 80-
21 3	ACE	604101		29 000 00	
21 3	BANK CHARGES	640401		26 60	
21 3	SAT	600101		71 000 00	
21 3	BANK CHARGES	640401		7 98	658 386 38
25 3	KHALID RASHID	604701		31 817 00	
25 3	BANK CHARGES	640401		10 64	690 214 02-
26 3	TRANSFER FROM GMC	5601001		37 213 90	727 427 92-
27 3	DEBIT INTEREST	640401		1 241 22	728 669 14-
3 4	BANK CHARGES ON CSF TRANSFER	640401		6 10	
3 4	SAT	600101		400 000 00	

H 997

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

(SUITE)

A/C NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5602001 GULF MARKETING CONS				
3 4 BANK CHARGES	640401		7 81	
3 4 CIE SERV FID R. QUINTERO	600401		28 000 00	
3 4 BANK CHARGES	640401		100.00	
3 4 BANK CHARGES	640401		7 81	1 156 790 86-
7 4 TR TO SBS GVA	600601		93 120.00	
7 4 BANK CHARGES	640401		2.60	1 249 913.46-
9 4 TOM LINNES REIMBT LOC. 300 - SFR	640201		154.04	
9 4 PMT SFR 300.- CASH	640201	150 00		
9 4 BANK CHARGES	640401		5 11	1 249 922.61-
10 4 TR TO SBS GVA	600601		136 137.00	
10 4 BANK CHARGES	640401		2.60	
10 4 CASH DEPOSIT	999901	248 750 00		
10 4 BANK CHARGES	640401	0.01		
10 4 BANK CHARGES	640401	0 01		1 137 312.19-
14 4 BANK CHARGES	640401		7.81	
14 4 EAST INC.	603701		30 000.00	
14 4 BANK CHARGES	640401		7.81	
14 4 SAT	600101		150 000 00	
14 4 BANK CHARGES	640401		7 81	
14 4 TRANSFER	999901		25 000.00	1 342 335 62-
15 4 CASH DEPOSIT	999901	199 000.00		1 143 335 62-
17 4 WITH. CASH : EXPENSES	640201		601 00	
17 4 BANK CHARGES	640401		5.30	1 143 941.92-
18 4 CSF REIMBT KHALID RASHID	604701	31 817 00		
18 4 BC REIMBT.	640401	10 64		1 112 114 28-
22 4 REIMBT DEFEX	999901	25 000 00		1 087 114 28-
14 5 TR FRM LAKE	5600001	15 000.00		1 072 114 28-
20 5 CSF INV. 1201	640101		2 500 00	1 074 614 28-
21 5 REIMBT FTD	5602201	1 200 000 00		
21 5 INTEREST	770201	21 879 17		
21 5 CSF INV. AH SUB A/C 1	600201		10 000 00	
21 5 BC RE TR TO ALBON	640401		900 00	136 364 89
23 5 FROM GULF MARKETING	5606001		119 100 00	17 264 89
16 6 CSF INVOICE NO 1236 (ACCTG)	640601		2 548 48	14 716 41
30 6 CLOSING ENTRIES	640401		15 221 81	505 40-
17 9 TO GULF	5607001	1 000.00		494 60

898

H

```
4203     ALBERT HAKIM                                                                          86 12 10  PAGE      3
         LEDGER                      FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION               DOC NO CONTRA                          DEBIT         CREDIT      BALANCE

5602001  GULF MARKETING CONS                     (SUITE)

                                                                     ------------- -------------
      TRANSACT  & BALANCE                                            13 698 476 63 13 697 982 03        494 60
```

666 H

```
                                                                                   86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                         FROM 01 01 84 TO 04 12 86
                                                                           DEBIT        CREDIT       BALANCE
A/C.  NAME & DESCRIPTION                   DOC NO CONTRA


5602101   ****** CALL DEPOSIT - GULF MARKETING        US$

 18  2 ON CALL                                5602001            5 000 000 00                     5 000 000 00
 86                                                                 330 000.00                    5 330 000.00
 21  2 ON CALL                                5602001                               250 000.00    5 080 000 00
 28  2 OFF CALL                               5602001                             5 080 000.00            0 00
  5  3 FROM CALL                              5602001
                                                                 -------------- --------------
      TRANSACT. & BALANCE                                        5 330 000.00   5 330 000.00              0.00
```

H 1000

```
4203     ALBERT HAKIM                                                              86 12 10  PAGE      1
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT        CREDIT      BALANCE

5602201    ****** FID. DEPOSIT - GULF MARKETING      US$

21  7 FID DEPOSIT                          5602001                  1 200 000 00                  1 200 000.00
86
21  5 REIMBT FTD                           5602001                               1 200 000.00             0.00
                                                                    -------------- --------------
      TRANSACT. & BALANCE                                           1 200 000.00 1 200 000.00             0.00
```

1082

```
                                                                                   86 12 10  PAGE       1
4203     ALBERT HAKIM
         LEDGER                               FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                        DOC NO CONTRA                DEBIT          CREDIT        BALANCE

5603001   ****** DOLMY BUSINESS                       US$

  1  5 ARNE HERUP AND DBI DKR 250000.--         603901                                     31 098.40
 86
  1  5 BANK CHARGES                             640401                                          8.13
  1  5 CIE SERV. FID. INV. 1164 + 1190          *                                           6 406.56
  1  5 TRANSFER TO DOLMY                        5606001                   40 000.00                      2 486.91
  7  5 ARNE HERUP AND DBI DKR 2306558.--        603901                                    290 464.31
  7  5 BANK CHARGES                             640401                                          8.16
  7  5 CIE SERV. FID. SA CHARTERING APS         603901                                      8 000.00
  7  5 BANK CHARGES                             640401                                         18.38
  7  5 RETRAIT CASH CAPTAIN ARNE HERUP          603901                                      5 000.00   301 003.94-
 12  5 FROM ALBON                               5606001                  307 500.00                      6 496.06
 20  5 CSF INV. 116125DM+5806.25 AT 2 19        890301    116 125.00-                      52 904.90    46 408.84-
 21  5 RETRAIT CASH CAPTAINE ARNE HERUP         603901                                      5 012.00
 21  5 BANK CHARGES                             640401                                         13.00    51 433.84-
 22  5 FROM ALBON                               5606001                   50 000.00                      1 433.84-
 23  5 ACOMARIT SERV. MARITIME                  603901                                     20 000.00
 23  5 BANK CHARGES                             640401                                          3.73    21 437.57-
 26  5 FROM ALBON                               5606001                   25 000.00                      3 562.43
  5  6 CHECK TO ARNE HERUP                      603901                                      3 125.00
  5  6 SALARY CHIEF MATE AND COOK               603901                                      5 500.00
  5  6 FROM HYDE PARK                           5608001                   50 000.00
  5  6 BANK CHARGES                             640401                                          8.02    44 929.41
  6  6 BANK CHARGES                             640401                                          3.85    44 925.56
 13  6 COMPTE NO 3477 LIT 1930000               603901                                      1 293.74
 13  6 BANK CHARGES                             640401                                          8.24    43 623.58
 26  6 SA CHARTERING APS                        603901                                      6 425.60
 26  6 BANK CHARGES                             640401                                          8.02    37 189.96
 30  6 SA CHARTERING APS                        603901                                      3 454.25
 30  6 BANK CHARGES                             640401                                          8.02
 30  6 CLOSING ENTRIES                          640401                                        489.29    33 238.40
  1  7 SA CHARTERING APS                        603901                                        247.03
  1  7 BANK CHARGES                             640401                                          5.67    32 985.70
  4  7 CLOSING DM ACCT                          890301         73.36-                          33.88    32 951.82
  7  7 BANK CHARGES                             640401                                          5.76    32 946.06
```

4203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 04 12 86

H 1003

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5603001	DOLMY BUSINESS	(SUITE)			
8 7	SA CHARTERING APS	603901		15 500.00	
8 7	BANK CHARGES	640401		8.20	17 437.86
9 7	CHQ ARNE HERUP	603901		3 125.00	
9 7	127555-5 WAGES CREW	603901		5 900.00	
9 7	BANK CHARGES	640401		8.20	8 404.66
10 7	FROM HYDE PARK	5608001	5 000.00		
10 7	ARNE HERUP RE INCENTIVE	603901		5 000.00	
10 7	ARNE HERUP WAGES MAY-JUNE	603901		6 250.00	2 154.66
14 7	SA CHARTERING APS	603901		1 460.00	
14 7	BANK CHARGES	640401		16.39	678.27
15 7	CSF GUARANTEE 500'000 - DKR	5800001		70 000.00	
15 7	TO DOLMY	5608001	70 000.00		678.27
16 7	SA CHARTERING APS	603901		5 430.00	
16 7	TO DOLMY	5608001	5 000.00		
16 7	BANK CHARGES	640401		8.20	240.07
23 7	TO DOLMY	5606001	50 000.00		
23 7	SA CHARTERING APS	603901		4 444.00	
23 7	CSF DKR 32'000 - REMBT PSM	603901		4 176.47	
23 7	BANK CHARGES	640401		8.20	41 611.40
25 7	CHQ ARNE HERUP	603901		3 125.00	
25 7	BANK CHARGES	640401		5.75	38 480.65
28 7	SA CHARTERING APS	603901		16 000.00	
28 7	BANK CHARGES	640401		8.20	22 472.45
31 7	WAGES SHIP CREW	603901		7 100.00	
31 7	BANK CHARGES	640401		8.20	
31 7	ARNE HERUP	603901		3 125.00	12 239.25
21 8	TO DOLMY	5606001	40 000.00		
21 8	SA CHARTERING APS	603901		16 800.00	
21 8	BANK CHARGES	640401		8.93	35 430.32
22 8	ARNE HERUP	603901		6 250.00	
22 8	BANK CHARGES	640401		5.95	29 174.37
25 8	CHQ ARNE HERUP	603901		6 250.00	
25 8	127555-5 REF WAGES	603901		7 100.00	
25 8	BANK CHARGES	640401		8.93	15 815.44
28 8	SA CHARTERING APS	603901		15 000.00	
28 8	BANK CHARGES	640401		2.38	813.06

```
4203     ALBERT HAKIM                  FROM 01 01 86 TO 06 12 86
         LEDGER                                                          DEBIT        CREDIT       BALANCE
                                           DOC NO CONTRA
A/C.  NAME & DESCRIPTION
                                                  (SUITE)                                          50 813 06
5603001  DOLMY BUSINESS                      5607001             50 000 00           6.12      50 806 94
  3  9 TO DOLMY                              640401                                3 125 00
 26  9 BANK CHARGES                          603901                                7 100 00
 26  9 ARNE HERUP - A/C WITH CREDIT SUI:     603901                                    9 09
 26  9 SHIP WAGES - 127555-5                 640401                                3 125.00    37 447 85
 26  9 BANK CHARGES                          603901                               13 340.00
 26  9 ARNE HERUP                     H      603901                                    9.09    24 098 76
 27  9 SA CHARTERING APS                     640401                               20 000.00
 27  9 BANK CHARGES                          603901                                    9 09     4 089 67
 15 10 SA CHARTERING APS                     640401                                    6 04     4 083 63
 15 10 BANK CHARGES                          640401                                    2.42     4 081 21
 24 10 BANK CHARGES                          640401
 27 10 BANK CHARGES                          5608001             10 000 00
 28 10 TRANSFER TO DOLMY                     603901                                3 125 00
 28 10 ARNE HERUP                            603901                                3 125 00
 28 10 ARNE HERUP CHECK                      603901                                7 100.00       731 21
 28 10 127555-5 OCTOBER                      640601                                   35.50       695.71
  7 11 REIMBT SERFID SFR 60 LEGAL FEES       640401                                    6.02       689 69
 25 11 BANK CHARGES                          603901                                3 125.00
 27 11 ARNE HERUP                            603901                                7 100.00
 27 11 127555-5                              603901                                3 125.00    12 660.31-
 27 11 CHECK ARNE HERUP                      5608001             15 000.00
 28 11 TRANSFER TO DOLMY                     640401                                    9.04     2 330.65
 28 11 BANK CHARGES
                                                              -------------- ---------------
                                               116 198.36-      717 500 00      715 169.35      2 330 65
      TRANSACT. & BALANCE
```

H 1004

```
4203     ALBERT HAKIM                                                                                 --
         LEDGER                         FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                       DEBIT         CREDIT       BALANCE


5603003   ****** DOLMY BUSINESS                       D M

 20  5 INSURANCE MANTERS HORNER               603903                                      110 318.75
 86
 20  5 BANK CHARGES                           640403                                           18.02    110 336.77-
 21  5 CHANGE & DM FFR CSF INV                890103       50 259.50+    110 318.75                          18.02-
 30  6 CLOSING ENTRIES                        640403                                           55.34          73.36-
  4  7 CLOSING DM ACCT                        890103           33.88+         73.36                           0.00
                                         /
                                                                      ------------- --------------
      TRANSACT  & BALANCE                                  50 293.38+    110 392.11   110 392.11              0.00
```

H 1005

```
4203     ALBERT HAKIM                    FROM 01 01 84 TO 04 12 86
         LEDGER                                                          DEBIT        CREDIT       BALANCE
                                           DOC NO CONTRA
A/C   NAME & DESCRIPTION

                                                    US$
5603101   ****** CALL DEPOSIT - DOLMY                                    0.00         0.00         0.00
        TRANSACT. & BALANCE
```

```
4203      ALBERT HAKIM                                                                              86 12 10  PAGE      1
          LEDGER                      FROM 01 01 86 TO 86 12 86

A/C.  NAME & DESCRIPTION                 DOC NO CONTRA                                 DEBIT          CREDIT        BALANCE

5603201   ****** FID  DEPOSIT - DOLMY                     US$

      TRANSACT. & BALANCE                                                               0.00            0 00           0 00
```

1007

275

Energy Resources

H 1008

```
4203     INTERT INKIM                                                                          86 12 10  PAGE      1
         LEDGER                        FROM 01 01 86 TO 04 12 86

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                   DEBIT          CREDIT          BALANCE

5604001   ****** ENERGY RESOURCES - CREDIT SUISSE    US$
 25  2 CASH WITHDRAWAL                             999901                                  15 000 00       15 000 00-
 21 12 TR FROM BANCAMERICA INT                     700001          425 000 00                             410 000 00
 28 12 TR TO TRANSWORLD ARMS                       602701                                 414 037 00
 28 12 BANK CHARGES                                640401                                       6.00        4 043.00-
 85
  7  1 TRANSFER FROM AMERICAN EXPRESS              700001           96 450 00                              92 407 00
 16  1 TRANSFER TO TRANSWORLD ARMS                 602701                                  90 000.00
 16  1 BANK CHARGES                                640401                                       5.88
 16  1 TR  FROM AMERICAN EXPRESS                   700001          337 000 00                             339 401 12
 17  1 TRANSFER FROM SBS ZURICH                    700001          326 543 50                             665 944 62
 22  1 TRANSFER TO TRANSWORLD ARMS                 602701                                 400 000.00
 22  1 BANK CHARGES                                640401                                       5.88      265 938.74
 29  1 TRANSFER FROM AMERICAN EXPRESS              700001          138 000 00                             403 938 74
 31  1 ON CALL                                     5604101                                275 000 00      128 938 74
 18  2 CASH WITHDRAWAL                             600201                                   5 000 00
 18  2 AGIO                                        640401                                      21.52      123 917 22
 19  2 ON CALL                                     5604101                                 90 000 00       33 917 22
 20  2 CASH WITHDRAWAL                             600301                                  22 000 00
 20  2 CASH WITHDRAWAL                             600201                                  20 000.00
 20  2 AGIO                                        640401                                     135.68        8 218 46-
 23  2 INTEREST                                    770001            1 429 00
 23  2 ADJ  INT                                    770401                0 59                               6 788 87-
 25  2 AGIO                                        640401                                      92.53
 25  2 BUSINESS EXPENSES                           640201                                   3 506 00
 25  2 CASH WITHDRAWAL                             602001                                   2 000 00
 25  2 AGIO                                        640401                                      10 00       12 397 40
 28  2 OFF CALL                                    5604101          50 000 00
 28  2 CHQ TO STTGI                                602001                                   8 000.00
 28  2 BANK CHARGES                                640401                                      11 52       29 591 08
  5  3 TR FROM BARCLAYS BANK MIAMI                 700001        1 199 923 54                           1 229 514 62
  6  3 TR TO SOUTHERN AIR TRANSPORT                600101                                 121 825 00
  6  3 BANK CHARGES                                640401                                       5 21    1 107 684 41
  7  3 TR TO SBS GVA                               600601                                 353 600 00
  7  3 BANK CHARGES                                640401                                       1.74      754 082 67
```

```
4203     ALBERT HAKIM                                                                      86 12 18  PAGE      2
         LEDGER                       FROM 01 01 86 TO 04 12 86

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                DEBIT           CREDIT          BALANCE

5604001  ENERGY RESOURCES - CREDIT SUISS            (SUITE)
  8  3 ON CALL                              5604101                                 500 000.00      254 082.67
 11  3 BANK CHARGES                         640401                                        5.21
 11  3 TR. TO BCO PORTUGUES                 603401                                  415 449.00      161 371.54-
 12  3 OFF CALL                             5604101                200 000.00                       38 628.46
 14  3 TR FROM BARCLAYS BANK. MIAMI         700001                 499 709.89                      538 338.35
 19  3 ON CALL                              5604101                                 235 000.00
 19  3 TR TO TRANSWORLD ARMS                602701                                  600 000.00
 19  3 BANK CHARGES                         640401                                        5.21     296 666.86-
 20  3 CASH WITHDRAWAL                      600201                                    3 000.00
 20  3 CASH WITHDRAWAL                      602001                                    3 000.00
 20  3 CASH WITHDRAWAL RVS                  640201                                    5 000.00
 20  3 AGIO                                 640401                                       88.80
 20  3 OFF CALL                             5604101                300 000.00                        7 755.66-
 22  3 TR FRM BCO PORTUGES                  602901                   1 069.43                        6 686.23-
 25  3 CASH WITHDRAWAL                      600201                                    3 000.00
 25  3 AGIO                                 640401                                       15.00       9 701.23-
 26  3 INTEREST                             770401                   3 457.35                        6 243.88-
 27  3 OFF CALL                             5604101                 50 000.00                       43 756.12
 29  3 TR FRM BARCLAYS BANK. GENEVA         700001               2 999 922.03                    3 043 678.15
 31  3 CLOSING ENTRIES                      640401                                      188.77   3 043 489.38
  2  4 CASH WITHDRAWAL                      600201                                    5 000.00
  2  4 AGIO                                 640401                                       25.00   3 038 464.38
  3  4 BANK CHARGES                         640401                                       25.62
  3  4 TR TO SBS GVA                        600601                                  300 000.00
  3  4 BANK CHARGES                         640401                                        1.87
  3  4 TR TO BARCLAYS BK CALIF              600201                                   10 000.00
  3  4 BANK CHARGES                         640401                                      100.00
  3  4 CASH WITHDRAWAL                      600301                                    7 000.00
  3  4 AGIO                                 640401                                       35.00
  3  4 TRANSFER                             999901                                   20 000.00   2 701 301.89
  4  4 ON CALL                              5604101                               2 700 000.00       1 301.89
  9  4 TR TO BANK OF AMERICA                600201                                   12 800.00
  9  4 BANK CHARGES                         640401                                      100.00      11 598.11-
 10  4 OFF CALL                             5604101                150 000.00
 10  4 CHQ TO R. QUINTERO                   600401                                    5 000.00
 10  4 CHQ TO STTGI                         602001                                   30 000.00
```

N 1009

```
4203      ALBERT HAKIM
          LEDGER                          FROM 01 01 84 TO 04 12 86

                                                                           DEBIT           CREDIT        BALANCE
A/C     NAME & DESCRIPTION                  DOC NO CONTRA

5604001  ENERGY RESOURCES - CREDIT SUISS               (SUITE)
 10  4 CHQ TO TRANS WORLD                   602901                                       67 444 69
 10  4 CHQ TO THOMAS GREEN                  601501                                       45 000 00
 10  4 BANK CHARGES                         640401                                          210 93
 10  4 TR FROM BARCLAYS BANK MIAMI          700001                      1 999 903 77                  1 990 650 04
 12  4 PMT INV CIE DE SERV. FID             640601                                       18 000 00
 12  4 TR TO R. SECORD                      600301                                      101 926 78
 12  4 TR TO R. SECORD                      600301                                      118 336 00
 12  4 ON CALL                              5604101                                   1 700 000 00       52 387 26
 16  4 TR TO ALBERT HAKIM                   600201                                       50 000 00
 16  4 BANK CHARGES                         640401                                            5 62
 16  4 TR TO LEE YUN                        603001                                        3 000 00
 16  4 BANK CHARGES                         640401                                           11 24
 16  4 OFF CALL                             5604101                        50 000 00
 16  4 ADJ  BC                              640401                                           40 00
 16  4 TRANSFER                             999901                                       20 000 00       29 330 40
 16  4 TRANSFER                             600601         /                            150 000 00
 17  4 TR TO SBS GVA                        5604101                       200 000 00                     79 330 40
 17  4 OFF CALL                             602001                                        8 500 00
 18  4 TR TO STTGI                          640401                                           15 00
 18  4 BANK CHARGES                         603101                                       37 030 00
 18  4 TR TO R. GOODING                     640401                                            5 62       33 779 78
 18  4 BANK CHARGES                         640401                                           75 00
 19  4 AGIO                                 999901                                       15 000 00       18 704 78
 19  4 CASH ADVANCE                         700001                      1 199 906 12
 23  4 TR FROM BARCLAYS BANK                5605001                                   1 560 000 00
 23  4 TRANSFER                             640401                                            1 87
 23  4 BANK CHARGES                         5604101                     1 550 000 00                  1 208 609 03
 23  4 OFF CALL                             5604101                                   1 200 000 00        8 609 03
 24  4 ON CALL                              770401                         18 869 09
 25  4 INTEREST                             640401                                            5 62
 25  4 BANK CHARGES                         602701                                        5 000 00
 25  4 CHQ K. PHILLIPS                      603301                                        1 000 00
 25  4 CHQ GAR INC                          600401                                        4 000 00
 25  4 CHQ R. QUINTERO                      640401                                           55 62
 25  4 BANK CHARGES                         5605001                                      10 000 00
 25  4 CHECK REMITTANCE                     640401                                            2 71
 25  4 BANK CHARGES
```

H 1010

278

4203 ALBERT HAKIM
LEDGER
FROM 01 01 86 TO 04 12 86
86 12 10 PAGE 4

H 1011

5604001 ENERGY RESOURCES - CREDIT SUISS (SUITE)

A/C		NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
25	4	TR TO DEFEX	603201		21 907.00	14 492.83-
29	4	OFF CALL	5604101	50 000.00		
29	4	CASH WITHDRAWAL	600201		7 000.00	
29	4	AGIO	640401		35.00	28 472.17
2	5	TR FROM BARCLAYS BANK	700001	246 402.29		274 874.46
3	5	PMT SAFE SBS SFR 550.--	640401		210.33	274 664.13
6	5	OFF CALL	5604101	2 500 000.00		
6	5	BANK CHARGES	640401		5.77	
6	5	CASH WITHDRAWAL	600301		5 000.00	
6	5	CASH WITHDRAWAL	600201		3 000.00	
6	5	AGIO	640401		40.00	
6	5	TR TO BCO PORTUGUES	600601		2 491 700.00	274 918.36
7	5	ON CALL	5604101		250 000.00	
7	5	BANK CHARGES	640401		5.57	
7	5	TR TO CS PARIS	999901		116 000.00	91 087.21-
8	5	OFF CALL	5604101	60 000.00		
8	5	BANK CHARGES	640401		5.77	
8	5	TR TO BCO PORTUGUES	600601		60 000.00	91 092.98-
9	5	TR TO BCO PORTUGUES	603401		24 000.00	
9	5	BANK CHARGES	640401		5.77	
9	5	EXPENSES PAID BY STTGI	603501		503.00	
9	5	EXPENSES PAID BY STTGI	603601		410.00	
9	5	EXPENSES PAID BY STTGI	600401		2 840.48	
9	5	TRANSFER TO STTGI	602001		25 000.00	
9	5	BANK CHARGES	640401		10.00	
9	5	OFF CALL	5604101	140 000.00		
9	5	ADJ. BC	640401		5.77	3 868.00-
10	5	TRAVEL EXPENSES	640201		241.33	4 109.33-
13	5	OFF CALL	5604101	1 650 000.00		
13	5	ON CALL	5604101		1 650 000.00	
13	5	INTEREST	770401	11 589.59		7 480.26
15	5	OFF CALL	5604101	150 000.00		
15	5	INTEREST	770401	676.05		158 156.31
16	5	TR FROM BCO PORTUGUES	603401	4 906.88		163 063.19
17	5	BANK CHARGES	640401		5.77	
17	5	ADJ. BC	640401		20.00	

4203 ALBERT HAKIM
LEDGER
FROM 01 01 86 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS	(SUITE)			
17 5	TR TO FIRST AMERICAN BK	999201		90 000 00	75 037 42
21 5	TR TO CIE DE SERV FID SA RE LO	600201		250 000 00	
21 5	BANK CHARGES	640401		5 77	
21 5	TR FROM BARCLAYS BANK	700001	80 201 32		
21 5	OFF CALL	5604101	250 000 00		153 232 97
22 5	CHQ R QUINTERO	600401		15 277 80	
22 5	BANK CHARGES	640401		17 97	
22 5	INTEREST	770401	2 099 83		140 037 03
24 5	ON CALL	5604101		100 000 00	
24 5	PMT INV CIE DE SERV FID	640601		500 00	
24 5	PMT INV LOZE & KAISER	640601		2 000 00	
24 5	PMT INV HOTEL INTERCON SFR 578	600201		224 12	37 312 91
29 5	INTEREST	770401	1 830 73		39 143 64
30 5	OFF CALL	5604101	100 000 00		
30 5	TR TO BANK OF KOREA	603001		50 000 00	
30 5	BANK CHARGES	640401		11 54	
30 5	TR TO ROYAL BANK OF CANADA	602701		8 000 00	
30 5	BANK CHARGES	640401		5 77	
30 5	TR TO BCO PORTUGUES	603201		57 500 00	
30 5	BANK CHARGES	640401		5 77	23 620 56
31 5	TR FROM BARCLAYS BANK	700001	299 848 06		323 468 62
4 6	ON CALL	5604101		300 000 00	23 468 62
5 6	ON CALL	770401	1 805 55		25 274 17
6 6	CHQ RBT COSTS RVS	600101	4 768 20		
6 6	BANK CHARGES	640401		3 08	30 039 29
7 6	TR TO A HAKIM	600201		30 000 00	
7 6	BANK CHARGES	640401		5 77	
7 6	BANK CHARGES	640401		15 00	18 52
10 6	TR TO BK OF KOREA	603801		5 000 00	
10 6	BANK CHARGES	640401		11 54	4 993 02
12 6	INTEREST	770401	2 109 73		2 883 29
17 6	FUNDS RETURNED UNPAID	603001	50 000 00		
17 6	BANK CHARGES	640401		20 00	47 096 71
18 6	TR TO BK OF KOREA	603801		45 000 00	
18 6	BANK CHARGES	640401		11 54	
18 6	TR TO STTGI	602001		40 000 00	

H 1012

6203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86 86 12 10 PAGE 6

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5604001	ENERGY RESOURCES - CREDIT SUISS	(SUITE)			
18 6	BANK CHARGES	640401		5.77	
18 6	BANK CHARGES	640401		95.00	58 015.60-
19 6	OFF CALL	5604101	50 000.00		
19 6	INTEREST	770401	2 109.73		14 094.13
20 6	BANK CHARGES	640401		10.00	14 084.13
26 6	INTEREST	770401	1 916.67		16 000.80
30 6	CLOSING ENTRIES	640401		125.84	15 874.96
3 7	BANK CHARGES	640401		5.91	
3 7	INTEREST	770401	2 062.50		
3 7	BANK CHARGES	640401		20.00	
3 7	CASH WITHDRAWAL	600201		420.17	
3 7	CASH WITHDRAWAL	600301		210.08	
3 7	TR TO FIRST AMERICAN BK.	999901		25 000.00	7 718.70-
5 7	TR TO AH THRU RNB	600201		20 050.00	
5 7	BANK CHARGES	640401		5.91	
5 7	TR FRM BARCLAYS BANK	700001	549 918.65		522 144.04
10 7	TR TO K. PHILLIPS	602201	/	4 000.00	
10 7	BANK CHARGES	640401		25.91	
10 7	INTEREST	770401	2 078.13		520 196.26
11 7	ON CALL	5604101		350 000.00	
11 7	TR TO BCO PORTUGUES	603201		145 352.00	
11 7	BANK CHARGES	640401		5.91	24 838.35
15 7	TR TO STTGI THRU RNB	602001		20 100.00	
15 7	CASH WITHDRAWAL	600201		20 300.00	
15 7	BANK CHARGES	640401		5.91	
15 7	OFF CALL	5604101	50 000.00		34 432.44
16 7	CHQ R. QUINTERO	600401		7 819.00	
16 7	BANK CHARGES	640401		2.94	
16 7	WITHDRAWAL US$ NOTES AH	600201		2 500.00	
16 7	WITHDRAWAL US$ NOTES RVS	600301		2 500.00	
16 7	BANK CHARGES	640401		2.15	
16 7	WITHDRAWAL US$ NOTES RG	600401		50 000.00	
16 7	WITHDRAWAL US$ NOTES	999901		206 090.35	234 482.00-
17 7	INTEREST	770401	2 473.96		232 008.04-
18 7	OFF CALL	5604101	250 000.00		
18 7	TR FRM SBS GENEVA	700601	950 000.00		

H 1013

```
4203     ALBERT HAKIM                                                                           86 12 10  PAGE    - 7
         LEDGER                          FROM 01 01 86 TO 06 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                  DEBIT           CREDIT         BALANCE

5604001  ENERGY RESOURCES - CREDIT SUISS            (SUITE)
 18   7 BANK CHARGES                                640401                                      85.11      967 906.85
 19   7 PMT INV. CIF DE SERV. FID                   640601                                   8 000.00
 19   7 CASH WITHDRAWAL                             600301                                   7 000.00
 19   7 BANK CHARGES                                640401                                      35.00
 19   7 TRANSFER TO SBS GVA                         600601                                 200 000.00
 19   7 TRANSFER TO SBS GVA                         640401                                       1.97      752 869.88
 22   7 TR TO LOS GATOS                             600201                                  75 000.00
 22   7 BANK CHARGES                                640401                                       5.91      677 863.97
 23   7 TR TO UBS FRIBOURG                          603201                                 580 853.21
 23   7 BANK CHARGES                                640401                                       1.97       97 008.79
 24   7 OFF CALL                                    5604101            720 000.00
 24   7 TR TO UBS FRIBOURG                          603201                               1 392 474.84
 24   7 BANK CHARGES                                640401                                       1.97
 24   7 INTEREST                                    770401               2 196.87                         573 271.15-
 31   7 INTEREST                                    770401               1 175.83                         572 095.32-
  2   8 OFF CALL                                    5604101            575 000.00                           2 904.68
  7   8 INTEREST                                    770401                 591.07                           3 495.75
 14   8 INTEREST                                    770401                 357.71                           3 853.46
 16   8 CASH WITHDRAWAL                             600201                                   2 943.46
 16   8 BANK CHARGES                                640401                                      12.50          897.50
 21   8 INTEREST                                    770401                 353.28                           1 250.78
 28   8 INTEREST                                    770401                 353.28                           1 604.06
  3   9 TR FOR STTGI                                602001              25 920.55                          27 524.61
  4   9 INTEREST                                    770401                 353.28                          27 877.89
  6   9 PMT INV. HOTEL INTERCON.                    640201                                   2 932.33       24 945.56
 11   9 INTEREST                                    770401                 362.14                          25 307.70
 17   9 TRANSFER                                    5600001                                279 945.56
 17   9 OFF CALL                                    5604101            255 000.00
 17   9 INTEREST                                    770401                 313.44                             675.58
 30   9 TR TO ENERGY                                5600001                984.12
 30   9 CLOSING ENTRIES                             640401                                   1 659.70            0.00
                                                                   -------------------------------
      TRANSACT. & BALANCE                                           20 847 143.75   20 847 143.75            0.00
```

H 1014

```
4203     ALBERT HAKIM
         LEDGER
                                      FROM 01 01 84 TO 04 12 86                    86 12 10  PAGE      1

A/C   NAME & DESCRIPTION                  DOC NO CONTRA             DEBIT          CREDIT          BALANCE

5604101   ****** CALL DEPOSIT - ENERGY RESOURCES      US$

 31  1 ON CALL
 85                                       5604001            275 000 00                       275 000 00
 19  2 ON CALL                            5604001             90 000 00                       365 000.00
 28  2 OFF CALL                           5604001                             50 000.00       315 000.00
  8  3 ON CALL                            5604001            500 000.00                       815 000.00
 12  3 OFF CALL                           5604001                            200 000.00       615 000.00
 19  3 ON CALL                            5604001            235 000.00                       850 000.00
 20  3 OFF CALL                           5604001                            300 000.00       550 000.00
 27  3 OFF CALL                           5604001                             50 000.00       500 000.00
  4  4 ON CALL                            5604001          2 700 000.00                     3 200 000.00
 10  4 OFF CALL                           5604001                            150 000.00     3 050 000.00
 12  4 ON CALL                            5604001          1 700 000.00                     4 750 000.00
 16  4 OFF CALL                           5604001                             50 000.00     4 700 000.00
 17  4 OFF CALL                           5604001                            200 000.00     4 500 000.00
 23  4 OFF CALL                           5604001                          1 550 000.00     2 950 000 00
 24  4 ON CALL                            5604001          1 200 000.00                     4 150 000.00
 29  4 OFF CALL                           5604001                             50 000.00     4 100 000.00
  6  5 OFF CALL                           5604001                          2 500 000.00     1 600 000.00
  7  5 ON CALL                            5604001            250 000.00                     1 850 000.00
  8  5 OFF CALL                           5604001                             60 000.00     1 790 000.00
  9  5 OFF CALL                           5604001                            140 000.00     1 650 000.00
 13  5 OFF CALL                           5604001                          1 650 000.00
 13  5 ON CALL                            5604001          1 650 000 00                     1 650 000.00
 15  5 OFF CALL                           5604001                            150 000.00     1 500 000 00
 21  5 OFF CALL                           5604001                            250 000.00     1 250 000.00
 24  5 ON CALL                            5604001            100 000.00                     1 350 000 00
 30  5 OFF CALL                           5604001                            100 000.00     1 250 000.00
  4  6 ON CALL                            5604001            300 000.00                     1 550 000.00
 19  6 OFF CALL                           5604001                             50 000.00     1 500 000 00
 11  7 ON CALL                            5604001            350 000 00                     1 850 000.00
 15  7 OFF CALL                           5604001                             50 000.00     1 800 000.00
 18  7 OFF CALL                           5604001                            250 000.00     1 550 000.00
 24  7 OFF CALL                           5604001                            720 000.00       830 000.00
  2  8 OFF CALL                           5604001                            575 000.00       255 000.00
```

H 1015

```
                                                                              86 12 10  PAGE      2
4203     ALBERT HAKIM
         LEDGER                     FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                      DEBIT        CREDIT       BALANCE

5604101  CALL DEPOSIT - ENERGY RESOURCES          (SUITE)                                 255 000 00          0 00
 17  9 OFF CALL                           5604001
                                                                    ---- --------- -------------
      TRANSACT  & BALANCE                                            9 350 000 00  9 350 000 00          0 00
```

```
6205     ALBERT HAKIM                                                              86 12 10  PAGE      1
         LEDGER                         FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                 DEBIT          CREDIT        BALANCE

5605001   ****** ENERGY RESOURCES - S B S               US$

 23  4 TRANSFER                                    5604001         1 560 000.00                   1 560 000.00
 85
 25  4 CHECK REMITTANCE                            5604001            10 000.00                   1 570 000.00
 24  5 TRANSFER                                    600601                            10 000.00    1 560 000.00
 25  5 TRANSFER                                    600501                         1 556 400.00        3 600.00
 18 10 TR  FROM ENERGY SBS                         5600001                            3 394.58          205.42
 25 10 TR  FROM ENERGY SBS                         5600001                              200.00
 25 10 BANK CHARGES                                640401                                 5.42            0.00

                                                                   ------------ ------------
       TRANSACT  & BALANCE                                         1 570 000.00 1 570 000.00              0.00
```

H 1017

```
                                                                                        86 12 10  PAGE     1
4203     ALBERT HAKIM
         LEDGER                           FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                    DOC NU CONTRA                   DEBIT         CREDIT        BALANCE

5606001    ###### ALBON VALUES                        US$

                                                                                    3 000 000 00    3 000 000 00-
  5  3 TO CALL                             5606101
86                                                                                     15 000 00
  6  3 AGIOS                               640401            3 000 000 00                            15 000 00-
  6  3 DEPOSIT  (5605830 - SFR)            999901                4 583 34                            10 416 66-
 13  3 INTEREST                            770601                                         965 50     11 382 16-
 27  3 DEBIT INTEREST                      640401               18 770 83                             7 388 67
 16  4 INTEREST                            770601                                       2 673 80
 17  4 CIE SER  FID  INV  9549 SFR 5000    640101                                     161 000 00
 17  4 DEFEX                               603201                                           2.60
 17  4 BANK CHARGES                        640401                                      72 580 00
 17  4 SFR 136734 90    AH                 600201                                         364 72
 17  4 BANK CHARGES                        640401                                     199 000.00
 17  4 TRANSFER TO HYDE PARK SQUARE        5608001                                      1 000 00
 17  4 BANK CHARGES                        640401              720 000 00
 17  4 FROM CALL                           5606101                 500 00
 17  4 INTEREST                            770601                                      15 000 00
 17  4 CSF INV  LTD                        600201                                          75 00
 17  4 BANK CHARGES                        640401                                     450 000 00
 17  4 CSF INV LTD WITH CASH               999901                                         120 03    173 927 48-
 17  4 BANK CHARGES                        640401                                      57 022 03
 18  4 ACE                                 604101                                          26 04    230 975 55-
 18  4 BANK CHARGES                        640401                                      20 000 00    250 975 55-
 21  4 TDB GENEVE STC                      600001              275 000 00
 22  4 FROM CALL                           5606101               1 900 00                            25 924 45
 22  4 INTEREST                            770601                                     185 000 00
 28  4 MENO EYTAN                          604201                                           2 60
 28  4 BANK CHARGES                        640401              225 000 00
 28  4 FROM CALL                           5606101                                     28 111 00
 28  4 CIE SERV  FID  CHQ RVS              600301                                          35 00
 28  4 CIE SERV  FID  BANK CHARGES         640401                                           7 81
 28  4 BANK CHARGES                        640401                                       4 975 00
 28  4 CASH PASSEPORT USA                  600201                                          25.00
 28  4 AGIOS                               640401                2 005 00                            34 769 04
 28  4 INTEREST                            770601
```

018 =

```
4203       ALBERT HAKIM
           LEDGER
                                         FROM 01 01 86 TO 06 12 86                      86 12 10  PAGE       2
A/C.  NAME & DESCRIPTION
                                            DOC NO CONTRA
                                                                          DEBIT        CREDIT        BALANCE
5606001  ALBON VALUES
 29   4 CHECK QUINTERO                                 (SUITE)
 29   4 BANK CHARGES                              600401
 30   4 ARTNO JOSE CRUZ PORRAZ                    640401                                5 000.00
 30   4 BANK CHARGES                              604301                                    3.89    29 765.15
 30   4 COMMERCIAL TULIN                          640401                                7 000.00
 30   4 BANK CHARGES                              600901                                   15.63
  1   5 TRANSFER TO DOLMY                         640401                               10 000.00
  1   5 BANK CHARGES                              5603001                                  15.63    12 733.89
  1   5 GOULDENS CLIENT                           640401                               40 000.00
  1   5 BANK CHARGES                              604401                                  200.00
  1   5 CASH ERIC ZUCKER                          640401                              110 000.00
  2   5 BANK CHARGES                              640201                                    8.38
  2   5 TRANSFER                                  640401                                  500.00   137 974.49-
  5   5 NORTH TRUST BANK MOTAOLA INC              999901                                    8.12
  5   5 BANK CHARGES                              604501                                2 274.80   140 257.41-
  5   5 CIE SERV. FID  STIGI                      640401                              100 000.00
  5   5 CIE SERV. FID. BANK CHARGES               602001                                    8.38
  6   5 FROM CALL                                 640401                               15 000.00
  6   5 INTEREST                                  5606101                                 200.00   255 465.79-
  7   5 FROM CALL                                 770601         180 000.00
  7   5 BANK CHARGES                              5606101          2 373.33                         73 092.46-
  7   5 INTEREST                                  640401         100 000.00
 12   5 FROM ALBON                                770601                                1 545.23
 12   5 FROM CALL                                 5603001            266.67                         25 628.98
 12   5 INTEREST                                  5606101                             307 500.00
 13   5 RE TRIP OF 05/13/86                       770601         300 000.00
 13   5 BANK CHARGES                              640201           1 250.00                         19 378.98
 13   5 RE TRIP OF 05/13/86                       640401                                3 000.00
 13   5 CIE SERV  FID                             640201                                   15.00
 14   5 TDB CODELIS                               640301                                2 793.30
 15   5 FROM CALL                                 604601                                  500.00    13 070.68
 15   5 CASH GEN  EXP. RUS/AH                     5606101                             101 500.00    88 429.32-
 15   5 BILL / GREG / AVC                         640201         120 000.00
 15   5 INTEREST                                  640201                                2 777.78
 16   5 TRI AMERICAN ARMS                         770601                               30 150.00
 16   5 BANK CHARGES                              604001             600.00                            757.10-
                                                  640401                              150 000.00
                                                                                            8.38   150 765.48-
```

1019

```
4203     ALBERT HAKIM                             FROM 01 01 84 TO 04 12 86
         LEDGER                                                                  DEBIT          CREDIT        BALANCE
                                                       DOC NO CONTRA
A/C    NAME & DESCRIPTION
                                                             (SUITE)                            61 813.00
5606001   ALBON VALUES                                  #                                      350 000.00
 20  5 CIE SERV. FID                                    5609001                                 50 000.00
 20  5 TRANSFER TO UDALL                                5608001                                 50 000.00
 20  5 TRANSFER TO HYDE PARK                            5607001                550 000 00
 20  5 TRANSFER TO TOYCO                                5606101                                      8.38
 20  5 FROM CALL                                        640401                                  26 490.00    139 076 86-
 20  5 BANK CHARGES                                     999901                                  40 000.00
 20  5 TRANSFER                                         600101                                       2.23
 21  5 SAT RE FUEL                                      640401                                  50 000.00
 21  5 BANK CHARGES                                     600101                                       2.23
 21  5 SAT RE JET STAR                                  640401                                  55 000.00
 21  5 BANK CHARGES                                     600101                                       2.23
 21  5 SAT  RE L100                                     640401                 200 000 00                     83 095 22-
 21  5 BANK CHARGES                                     5606101                    988 33
 21  5 FROM CALL                                        770601                                  50 000.00
 21  5 INTEREST                                         5603001                 50 000 00                     83 040 22-
 22  5 FROM ALBON                                       5606101                     55 00                     36 059 78
 22  5 FROM CALL                                        770601                 119 100 00                     11 059 78
 22  5 INTEREST                                         5602001                                 25 000 00
 23  5 FROM GULF MARKETING                              5603001                280 000 00
 26  5 FROM ALBON                                       5606101                                250 000 00     41 339 78
 28  5 RT CALL                                          5606101                    280 00                    222 551 22-
 28  5 TO CALL                                          770601                                 263 891.00
 28  5 INTEREST                                         5607001                250 000 00
  2  6 TR TO TOYCO                                      5606101                                     16.04
  4  6 OFF CALL                                         640401                                      16.04
  4  6 BANK CHARGES                                     640401                                       3.76     27 704 60
  4  6 BANK CHARGES                                     640401                     291 66
  4  6 BANK CHARGES                                     770601                                  10 000 00
  4  6 INTEREST                                         600901                                   7 000 00      5 704 60
  6  6 COMMERCIAL TULIN                                 504301                                   5 000 00
  6  6 ARTURO JOSE CRUZ PORRAS                          600401                                   2 294 10      3 402 10
  6  6 CHECK RAFAEL QUINTERO                            640201                                       8 40
  7  6 KLINIC BUCHINGER DM 5000 -                       640401                                 200 000.00
  7  6 BANK CHARGES                                     602701               3 350 000 00
 18  6 TAA                                              5608001
 18  6 TRANSFER HYDE TO ALBON
```

H 1020

203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 04 12 86

H-1021

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
506001	ALBON VALUES	(SUITE)			
18 6	TRANSFER ALBON TO TOYCO	5607001		3 000 000 00	
18 6	DEPOSIT AT 18/07/86	5606201		100 000 00	
18 6	CIE SERV. FID. MONTERO	601901		48 524 83	
18 6	BANK CHARGES	640401		8 02	
18 6	BANK CHARGES	640401		8.02	4 861 23
20 6	SAT	600101		25 000.00	
20 6	FROM HYDE PARK	5608001	30 000.00		
20 6	BANK CHARGES	640401		8 02	
20 6	RETURN PMT TAA 180686	602701	200 000.00		209 853 21
30 6	CLOSING ENTRIES	640401		1 375.40	208 477 81
1 7	CSF CASH WITHDR RE ERIC ZUCKER	640201		1 000.00	
1 7	CHQ 10'000 DM BUCHINGER PAT.	*		4 610.63	202 867 18
2 7	RBT CHQ BUCHINGER PAT.	*	4 610 63		207 477 81
9 7	BUCHINGER PAT. DM 6000 -	640201		2 778.29	204 699 52
14 7	TO ALBON	5608001	70 000.00		
14 7	ON CALL	5606101		270 000 00	4 699 52
18 7	REIMBT FTD	5606201	100 000 00		
18 7	INTEREST	770601	520 83		
18 7	FTD 08/18/86 @ 6 25%	5606201		100 000.00	
18 7	INTEREST	770601	695.13		5 715 48
22 7	ON CALL	5606101		150 000.00	
22 7	FROM HYDE PARK	5608001	150 000 00		
22 7	TOM GREEN	605301		50 000.00	
22 7	INTEREST	770601	253.13		
22 7	BANK CHARGES	640401		5 88	44 037 27-
23 7	TO DOLMY	5603001		50 000 00	
23 7	TO HYDE PARK	5608001		50 000 00	
23 7	INTEREST	770601	65 63		143 971.64-
24 7	OFF CALL	5606101	420 000 00		
24 7	INTEREST	770601	90 00		
24 7	HOTEL INTERCONTINENTAL	640201		7 052 88	
24 7	EAST INC	603701		87 860 38	
24 7	JANIS, SCHUELKE, AND WECHSLER	640601		10 000 00	
24 7	INTEREST	770601	50 00		
24 7	BANK CHARGES	640401		2 94	
24 7	BANK CHARGES	640401		8 20	

H 1022

```
4203      ALBERT HAKIM                                                                 86 12 10  PAGE      5
          LEDGER                          FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                   DEBIT         CREDIT        BALANCE

5606001  ALBON VALUES                               (SUITE)
 24   7 BANK CHARGES                           640401                                     8.20     171 235.76
 25   7 FROM ALBON                             5608001                              200 000.00      28 764.24-
 18   8 REIMBT FTD                             5606201             100 000.00                       71 235.76
 20   8 CSF - DAVCO ASSOCIATES                 605401                                10 000.00
 20   8 CSF - DAVCO ASSOCIATES - BC            640401                                    15.00
 20   8 CASH WITHDRAWAL - TC                   640201                                10 000.00
 20   8 BANK CHARGES                           640401                                    25.00      51 195.76
 21   8 TO DOLMY                               5603001                               40 000.00
 21   8 BANK CHARGES                           640401                                     8.93      11 186.83
 24   9 CASH WITHDRAWAL - TOM CLINES           640201                                 5 000.00
 24   9 BANK CHARGES                           640401                                    25.00       6 161.83
 30   9 BANK CHARGES TRIM                      640401                                   215.94       5 945.89
                                                                  ----------------------------
      TRANSACT  & BALANCE                                          10 829 049.51 10 823 103.62      5 945.89
```

4203 ALBERT HAKIM
LEDGER
FROM 01 01 86 TO 06 12 86
86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5606101	****** CALL DEPOSIT - ALBON VALUES	US$			
5 86	3 TO CALL	5606001	3 000 000.00		3 000 000.00
17	4 FROM CALL	5606001		720 000.00	2 280 000.00
22	4 FROM CALL	5606001		275 000.00	2 005 000.00
28	4 FROM CALL	5606001		225 000.00	1 780 000.00
6	5 FROM CALL	5606001		180 000.00	1 600 000.00
7	5 FROM CALL	5606001		100 000.00	1 500 000.00
12	5 FROM CALL	5606001		300 000.00	1 200 000.00
15	5 FROM CALL	5606001		120 000.00	1 080 000.00
20	5 FROM CALL	5606001		550 000.00	530 000.00
21	5 FROM CALL	5606001		200 000.00	330 000.00
22	5 FROM CALL	5606001		50 000.00	280 000.00
28	5 RT CALL	5606001		280 000.00	
28	5 TO CALL	5606001	250 000.00		250 000.00
4	6 OFF CALL	5606001		250 000.00	0.00
14	7 ON CALL	5606001	270 000.00		270 000.00
22	7 ON CALL	5606001	150 000.00		420 000.00
24	7 OFF CALL	5606001		420 000.00	0.00
	TRANSACT & BALANCE		3 670 000.00	3 670 000.00	0.00

H 1023

```
4203     ALBERT HAKIM
         LEDGER                         FROM 01 01 84 TO 04 12 86
                                                                          DEBIT          CREDIT         BALANCE
A/C    NAME & DESCRIPTION                 DOC NO CONTRA

5606201    ****** FID  DEPOSIT - ALBON VALUES          US$
                                          5606001                     100 000.00                     100 000.00
 18   6 DEPOSIT AT 18/07/86
 86                                                                                   100 000.00
 18   7 REIMBT FID                        5606001                     100 000.00                     100 000.00
 18   7 FTD 08/18/86 @ 6.25%              5606001                                     100 000.00           0.00
 18   8 REIMBT FTD                        5606001
                                                                    --------------  --------------
                                                                      200 000.00      200 000.00           0.00
       TRANSACT  & BALANCE
```

H 1024

4203 ALBERT HAKIM
LEDGER
FROM 01 01 86 TO 04 12 86

5607001 ****** TOYCO SA
US$

H 1025

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
20 5 86	TRANSFER TO TOYCO	5606001	50 000 00		
20 5	CIE SERV FID INV 1192	640101		2 739.73	
20 5	67666 BA	600601		13 150.00	
20 5	BANK CHARGES	640401		2.79	34 107.48
27 5	CASH	600201		10 000.00	
27 5	BANK CHARGES	640401		25.00	24 082.48
2 6	TR TO TOYCO ·	5606001	263 891 00		287 973.48
3 6	TR TO CSF INV RE SCITECH	601301		26 390.00	
3 6	TR TO CSF INV RE KOREL	601401		79 167.00	
3 6	TR TO CSF INV RE A H	600201		79 167.00	
3 6	TR TO CSF INV RE C TEA	605201		79 167.00	24 082.48
16 6	CHQ QUINTERO	600401		10 000.00	
16 6	BANK CHARGES	640401		3.88	14 078.60
18 6	TRANSFER ALBON TO TOYCO	5606001	3 000 000 00		
18 6	TO CALL A/C	5607101		3 000 000.00	14 078.60
20 6	TR TO DEFEX	*		37 277.00	
20 6	FROM CALL	5607101	50 000.00		
20 6	BANK CHARGES	640401		2.67	26 798.93
27 6	OFF CALL	5607101	500 000 00		
27 6	A/C 1837 MONZER ALKASSAR	601801		500 000.00	
27 6	BANK CHARGES	640401		8.02	26 790.91
30 6	CLOSING ENTRIES	640401		9.78	
30 6	INTEREST	770701	5 784.72		32 565.85
1 7	67666 BA	600601		845 000.00	
1 7	FROM CALL	5607101	850 000 00		
1 7	SOUTHERN AIR TRANSPORT	600101		200 000.00	
1 7	OFF CALL	5607101	200 000 00		
1 7	BANK CHARGES	640401		2.67	37 563.18
3 7	BANK CHARGES	640401		8.20	37 554.98
31 7	INTEREST	770701	7 465.46		45 020.44
22 8	OFF CALL	5607101	100 000 00		
22 8	TO UDALL	5609001		100 000 00	
22 8	BANK CHARGES	640401		5.95	

6203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

H 1026

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5607001	TOYCO SA	(SUITE)			
22 8	COMERCIAL TULIN SA	600901		20 000 00	
22 8	ARTURO JOSE CRUZ PORRAS	604301		14 000 00	
22 8	CHECK RAFAEL QUINTERO	600401		10 000 00	1 014 49
25 8	OFF CALL	5607101	1 300 000 00		
25 8	FORWAY INDUSTRIES	605701		50 000 00	
25 8	BANK CHARGES	640401		8 93	
25 8	BANK CHARGES	640401		17 86	
25 8	BANK CHARGES	640401		17 86	
25 8	INTEREST	770701	5 379.17		1 256 349 01
26 8	CASH WITHDRAWAL	640201		9 453 30	
26 8	CASH WITHDRAWAL	640201		500 00	
26 8	BANK CHARGES	640401		46 70	1 246 349.01
27 8	UBS FRIBOURG - DEFEX	999901		861 327 00	
27 8	BANK CHARGES	640401		2 98	385 019.03
28 8	CASH WITHDRAWAL	640201		1 000.00	384 019.03
1 9	TDB - CSF - RE CASH WITHDRAWAL	640201		51 000 00	
1 9	BANK CHARGES	640401		3 03	333 016.00
3 9	REIMBT CSF - CORP AIR SERVICES	605201		62 018 00	
3 9	TO DOLMY	5603001		50 000.00	
3 9	CHECK TOM GREEN	605301		15 000.00	
3 9	BANK CHARGES	640401		41.09	
3 9	BANK CHARGES	640401		6 15	205 950 76
5 9	Jila H Lankarani - FARNEJAD	640201		5 000 00	
5 9	CHECK RAFAEL QUINTERO	600401		5 000 00	
5 9	BANK CHARGES	640401		6 13	
5 9	BANK CHARGES	640401		2 42	195 942 21
9 9	COMMERCIAL TULIN	600901		10 000 00	
9 9	ARTURO JOSE CRUZ PORRAS	604301		7 000 00	
9 9	BANK CHARGES	640401		18 18	
9 9	BANK CHARGES	640401		18 18	178 905 85
11 9	TRANSFER TO SAT	600101		50 000 00	
11 9	BANK CHARGES	640401		9 09	128 896 76
12 9	CHECK TO TOM GREEN	605301		10 000 00	
12 9	BANK CHARGES	640401		5 93	
12 9	CSF REIMBT STTGI	602001		15 000 00	
12 9	BANK CHARGES - SERFID	640401		50 00	

4203 ALBERT HAKIM 86 12 10 PAGE
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5607001	TOYCO SA		(SUITE)			
12 9	BANK CHARGES	640401			9 09	
12 9	FARNEJAD - Mrs Jila H. Lankarani	640201			10 000.00	93 831 74
17 9	TO GULF	5602001			1 000.00	
17 9	BANK CHARGES	640401			9.09	92 822 65
18 9	CASH WITHDRAWAL - TOM CLINES	640201			2 000.00	
18 9	BANK CHARGES	640401			10 00	90 812 65
25 9	FROM HYDE PARK	5608001		10 000 00		
25 9	TO SAT	600101			100 000 00	
25 9	BANK CHARGES	640401			9 09	803 56
	TRANSACT & BALANCE			6 342 520 35	6 341 716 79	803.56

```
6203     ALBERT HAKIM                                                              86 12 10  PAGE      1
         LEDGER                        FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                DEBIT          CREDIT        BALANCE

5607101   ###### CALL DEP. - TOYCO SA           US$

 18  6 TO CALL A/C                           5607001           3 000 000 00                  3 000 000 00
 86
 20  6 FROM CALL                             5607001                          50 000.00     2 950 000 00
 27  6 OFF CALL                              5607001                         500 000.00     2 450 000 00
  1  7 FROM CALL                             5607001                         850 000.00
  1  7 OFF CALL                              5607001                         200 000.00     1 400 000 00
 22  8 OFF CALL                              5607001                         100 000.00     1 300 000 00
 25  8 OFF CALL                              5607001                       1 300 000.00              0 00
                                                                -------------  ------------
      TRANSACT. & BALANCE                                      3 000 000 00   3 000 000.00              0 00
```

H 1028

```
4203     ALBERT HAKIM
         LEDGER                        FROM 01 01 84 TO 04 12 86                    86 12 10  PAGE      1

A/C     NAME & DESCRIPTION                 DOC NO CONTRA                   DEBIT        CREDIT      BALANCE

5607201  ****** FID. DEPOSIT - TOYCO SA              US$

        TRANSACT. & BALANCE                                                  0.00          0.00         0.00
```

H 1029

H 1030

```
4203     ALBERT HAKIM                                                                         86 12 10  PAGE      1
         LEDGER                              FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                      DEBIT          CREDIT        BALANCE


5608001     ****** HYDE PARK SQUARE                      US$

 17  4 TRANSFER TO HYDE PARK SQUARE              5606001             199 000 00
 86
 17  4 CASH ALBERT HAKIM                         600201                              3 000 00
 17  4 BANK CHARGES                              640401                                 15.00     195 985.00
 18  4 CIE SERV FID INV. 1115                    640101                              2 750.00     193 235.00
 23  4 DEPOSIT                                   5608201                           180 000.00      13 235.00
 14  5 TRANSFER FROM LAKE                        5600001          10 000 000 00                10 013 235 00
 15  5 JM 601 D 500816                           604801                          6 500 000.00
 15  5 BANK CHARGES                              640401                                  2.79   3 513 232.21
 16  5 TRANSFER FROM LAKE                        5600001           5 000 000 00
 16  5 TRANSFER FROM LAKE                        5600001           1 200 000.00
 16  5 ON CALL                                   5608101                         3 500 000.00   6 213 232.21
 20  5 TRANSFER TO HYDE PARK                     5606001              50 000 00
 20  5 CSF INV RE BUTTON                         604901                            200 000.00
 20  5 ON CALL                                   5608101                         6 200 000.00     136 767.79-
 21  5 CASH WITHDRAWAL                           600201                             60 300.00     197 067 79-
 22  5 OFF CALL                                  5608101             100 000.00
 22  5 CSF INV. RE SCITECH                       601301                            100 000.00
 22  5 INTEREST                                  770801                5 566 68
 22  5 CSF INV. 1238 (AEROLEASING)               600501                             33 471.50
 22  5 CSF COMMISSION                            640401                                155.50     225 128.11-
 23  5 TR TO SBS GVA                             600601                            200 000.00
 23  5 BANK CHARGES                              640401                                  2.79
 23  5 TR TO SAT                                 600101                            410 000.00
 23  5 BANK CHARGES                              640401                                  8 38
 23  5 CIE DE SERV FID RE AH                     600201                            500 000.00
 23  5 BANK CHARGES                              640401                                  8 38
 23  5 TR TO SBS GVA                             600601                            200 000 00
 23  5 BANK CHARGES                              640401                                  2 79
 23  5 CASH RE GEN EXP  SFR 4000 -               640201                              2 144.77
 23  5 FROM DEPOSIT A/C                          5608201             180 000 00
 23  5 INTEREST                                  770801                  900 00
 23  5 FROM CALL                                 5608101           1 100 000.00                   256 395 22-
 27  5 FROM CALL                                 5608101             250 000 00
```

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

86 12 10 PAGE 2

H 1031

A/C		NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5608001		HYDE PARK SQUARE	(SUITE)				
27	5	CIE DE SERV FID REIMBT ADC	640201			26 653 50	
27	5	BANK CHARGES	640401			16 50	33 065 22-
28	5	SAT	600101			200 000 00	
28	5	BANK CHARGES	640401			8 38	
28	5	STTGI	602001			43 847 90	
28	5	BANK CHARGES	640401			2 23	
28	5	CASH WITH GEN EXP	640201			1 604 28	
28	5	FROM CALL	5608101		200 000 00		
28	5	CASH SFR 50000 -	890001	50 000 00-		26 525 20	
28	5	INTEREST	770801		8 641 67		96 411 54-
29	5	FROM CALL	5608101		50 000 00		
29	5	INTEREST	770801		1 341 66		45 069 88-
3	6	OFF CALL	5608101		50 000 00		
3	6	CASH WITHDRAWAL	640201			1 000.00	3 930 12
4	6	OFF CALL	5608101		50 000 00		
4	6	INTEREST	770801		7 991 66		61 921 78
5	6	FROM HYDE PARK	5603001			50 000.00	11 921 78
6	6	FROM CALL	5608101		100 000 00		
6	6	CIE SERV FID HEROLISING	600501			76 488 00	
6	6	CIE SERV FID FRAIS	640401			112.00	
6	6	INTEREST	770801		2 633 34		37 955 12
18	6	TRANSFER HYDE TO ALBON	5606001			3 350 000 00	
18	6	SAT	600101			242 000 00	
18	6	FROM CALL	5608101		5 800 000 00		
18	6	CSF A/C II CASH	4999001			2 000 000.00	
18	6	CSF A/C III CASH	4999001			200 000 00	
18	6	COMMISSION	640401			5 500.00	
18	6	BANK CHARGES	640401			8.02	
18	6	INTEREST	770801		15 600 00		56 047 10
20	6	FROM HYDE PARK	5606001			30 000.00	26 047 10
24	6	OFF CALL	5608101		50 000 00		
24	6	TO UDALL	5609001			40 000.00	
24	6	INTEREST	770801		2 000 00		38 047 10
27	6	OFF CALL	5608101		50 000 00		
27	6	TO UDALL	5609001			60 000.00	
27	6	INTEREST	770801		975 00		29 022 10

299

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 86 TO 06 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE	(SUITE)			
30 6	CHQ QUINTERO	500401		5 000 00	
30 6	COM TULIN	600901		10 000 00	
30 6	ARTURO JOSE CRUZ PORRAS	604301		7 000 00	
30 6	OFF CALL	5608101	50 000 00		
30 6	BANK CHARGES	640401		3.93	
30 6	CLOSING ENTRIES	640401		2 230.61	54 787 56
2 7	TO UDALL	5609001		25 000 00	
2 7	BANK CHARGES	640401		27 32	
2 7	BANK CHARGES	640401		27 32	
2 7	INTEREST	770801	1 583 34		31 316 26
7 7	EAST INC	603701		61 304 12	
7 7	FARNEJAD (JILA H LAKARANI)	640201		2 500 00	
7 7	OFF CALL	5608101	80 000 00		
7 7	TO UDALL	5609001		35 000 00	
7 7	BANK CHARGES	640401		8 20	
7 7	BANK CHARGES	640401		8 20	
7 7	INTEREST	770801	1 541 67		14 037 41
10 7	FROM HYDE PARK	5603001		5 000 00	9 037 41
14 7	FROM CALL	5608101	70 000 00		
14 7	TO ALBON	5606001		70 000 00	
14 7	CASH WITHDRAWAL	4999001		10 000 00	
14 7	BANK CHARGES	640401		25 00	
14 7	BANK CHARGES	640401		25 00	
14 7	INTEREST	770801	2 065 00		1 052 41
15 7	OFF CALL	5608101	70 000 00		
15 7	TO DOLMY	5503001		70 000 00	
15 7	INTEREST	770801	283 33		1 335 74
16 7	OFF CALL	5608101	880 000 00		
16 7	67666 BA	600501		881 987 50	
16 7	TO DOLMY	5503001		5 000 00	
16 7	BANK CHARGES	640401		2 73	
16 7	CHECK AERO CONTRACTORS LTD	605001		45 392 00	
16 7	BANK CHARGES	640401		5 78	51 052 27-
18 7	TO UDALL	5609001		5 000.00	
18 7	FROM CALL	5608101	100 000 00		
18 7	BANK CHARGES	640401		11.56	

H 1032

300

```
4203      ALBERT HAKIM                                                                            [illegible]
          LEDGER                           FROM 01 01 86 TO 04 12 86

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                  DEBIT          CREDIT          BALANCE

5608001  HYDE PARK SQUARE                             (SUITE)
 18   7 CASH WITHDRAWAL                         600001                                310 000 00
 18   7 BANK CHARGES                            640401                                  1 149 94
 18   7 CHQ ALBERT C  HANSEN                    600001                                125 000 00
 18   7 CHQ ASHER WARD                          600001                                125 000 00
 18   7 CSF INV  1322/1324 SFR 32567 -          640201                                 18 824 86     536 038 63-
 22   7 FROM CALL                               5608101              650 000 00
 22   7 INTEREST                                770801                   271 67
 22   7 FROM HYDE PARK                          5606001                               150 000 00
 22   7 INTEREST                                770801                   397 22                       35 369 74-
 23   7 TO HYDE PARK                            5606001               50 000 00                       14 630 26
 24   7 INTEREST                                770801                   250 00                       14 880 26
 25   7 FROM ALBON                              5606001              200 000 00
 25   7 TO UDALL                                5609001                                 4 000 00     210 880 26
 28   7 MEYNO EYTAN                             604201                                196 250 00
 28   7 BANK CHARGES                            640401                                      2 73      14 627 53
 30   7 CASH WITHDRAWAL  ERIC ZUCKER            640201                                  1 000 00      13 627 53
 24   9 CHECK RAFAEL QUINTERO                   600401                                 10 000 00
 24   9 BANK CHARGES                            640401                                      6 09
 24   9 CASH DEPOSIT                            700601             1 200 000 00                     1 203 621 44
 25   9 FROM HYDE PARK                          5607001                                10 000 00
 25   9 CHECK ACL                               605801                                  5 729 68
 25   9 ON CALL                                 5608101                             1 000 000 00
 25   9 BANK CHARGES                            640401                                      6 09     187 885 67
 26   9 TRANSFER TO LAKE RESOURCES              5600001                                15 000 00
 26   9 TRANSFER TO UDALL RESEARCH              5609001                               140 000 00      32 885 67
 29   9 BANK CHARGES                            640401                                      3 03      32 882 64
 30   9 TDB REIMBT CASH WITHDR  AH              640201                                 51 000 00
 30   9 CASH WITHDRAWAL ERIC ZUCKER             640201                                  1 000 00
 30   9 BANK CHARGES TRIM                       640401                                    692 05      19 809 41-
  1  10 OFF CALL                                5608101               50 000 00                       30 190 59
  2  10 RAFAEL QUINTERO CHECK                   600401                                  5 000 00
  2  10 BANK CHARGES                            640401                                      6 13      25 184 46
  3  10 FROM CALL                               5608101              300 000 00
  3  10 REIMBURSEMENT CIE SERV  FID  CASH       4999001                               250 000 00
  3  10 REIMBURSEMENT CIE SERV FID SITGI        602001                                 25 000 00
  3  10 REIMBURSEMENT CIE SERV FID BK CH        640401                                    100 00
```

1033

II

4203 ALBERT HAKIM 86 12 10 PAGE 5
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE	(SUITE)			
3 10	INT ON CALL	770801	422 91		50 507 37
6 10	COMMERCIAL TULIN	600901		10 000 00	
6 10	ARTURO JOSE CRUZ PORRAS	604301		7 000 00	
6 10	TDB GENEVE STC CORP	606001		30 000 00	
6 10	BANK CHARGES	640401		8 18	
6 10	BANK CHARGES	640401		8 18	
6 10	BANK CHARGES	640401		9 09	
6 10	BANK CHARGES COMPLT	640401		10 00	
6 10	BANK CHARGES COMPLT	640401		10 00	3 461 92
8 10	JILA H LANKARANI	640201		5 740 00	
8 10	CIE SERV FID INV ENERGY SFR 3000	640101		1 872 07	
8 10	CIE SERV FID AEROLEASING SFR 874	600501		54 552 26	
8 10	BANK CHARGES	640401		9 09	
8 10	FROM CALL	5608101	100 000 00		41 288 50
10 10	INTEREST ON CALL	770801	765 62		42 054 12
14 10	CONSULAR	640201		2 400 00	
14 10	BANK CHARGES	640401		9 09	
14 10	REIMBURSEMENT CSF	602001	15 000 00		
14 10	REIMBURSEMENT CSF	640401	10 00		54 655 03
15 10	CIE SERV FID REMBT CASH AH	640201		2 000 00	
15 10	BANK CHARGES	640401		30 00	52 625 03
17 10	INTEREST	770801	548 09		53 173 12
20 10	FROM CALL	5608101	250 000 00		
20 10	TO MENO EYTAN	604201		251 000 00	
20 10	BANK CHARGES	640401		3 03	52 170 09
22 10	C S F REMBT AEROLEASING SFR 3060	600501		19 065 42	
22 10	C S F REMBT PRELEVT CASH	640201		2 000 00	
22 10	BANK CHARGES	640401		50 00	
22 10	CHECK TOM GREEN	605301		20 000 00	
22 10	BANK CHARGES	640401		6 18	11 048 49
27 10	WITHDRAWAL CASH ROBERT DUTTON	640201		40 000 00	
27 10	CIE SERV FID REMBT CASH A H	640201		51 000 00	
27 10	BANK CHARGES	640401		200 00	
27 10	SERFID REMBT SFR 703 AVION FRANCK	640201		420 96	
27 10	HAEFELIN - UBS	605901		2 037 000 00	2 117 572 47-
28 10	TRANSFER TO DOLMY	5603001		10 000 00	

H 1034

302

4203 ALBERT HAKIM
LEDGER FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5608011	HYDE PARK SQUARE	(SUITE)			
28 10	BANK CHARGES	640401		3 03	
28 10	WITHDRAWAL	640201		6 000.00	
28 10	BANK CHARGES	640401		30 00	2 133 605 50-
29 10	FROM CALL	5608101	300 000 00		
29 10	BANK CHARGES	640401		3 03	
29 10	INTEREST ON CALL	770801	405 72		
29 10	CHECK DEUTSCHE BK FRANCKF	700001	3 600 000 00		
29 10	BANK CHARGES	640401		66 93	
29 10	INTEREST	770801	213.55		1 766 943.81
3 11	TO CALL	5608101		1 700 000 00	
3 11	SERFID REIMBT STIGI	602001		50 000.00	
3 11	BANK CHARGES	640401		50.00	
3 11	SERFID INV 1421 + 60 SFR	540201		338.37	
3 11	RAFAEL QUINTERO	600401		5 000 00	
3 11	BANK CHARGES	640401		5.87	11 549.57
5 11	COMMERCIAL TULIN	600901		10 000 00	
5 11	BANK CHARGES	640401		30.12	
5 11	ARTURO JOSE CRUZ PORRAS	604301		7 000.00	
5 11	BANK CHARGES	640401		30.12	
5 11	WITHDRAWAL	640201		10 000 00	
5 11	BANK CHARGES	640401		50.00	
5 11	WITHDRAWAL SFR 2000	640201		1 176 47	16 737 14-
6 11	FROM CALL	5608101	50 000 00		
6 11	FARNEJAD - J H LANKARANI	640201		10 000 00	
6 11	BANK CHARGES	640401		9 04	
6 11	WITHDRAWAL SFR 8000	640201		4 671 53	18 582 29
11 11	CSF INVEST RE C TEA	4999001		30 000.00	11 417 71
12 11	FROM CALL	5608101	300 000 00		
12 11	CSF INVEST RE FORWAY	605701		260 000 00	
12 11	TRANSFER TO UDALL	5609001		5 000.00	23 582 29
13 11	REIMBT SERFID SFR 205	640201		123 49	23 458 80
15 11	TRANSFER TO HYDE PARK	5609001	2 899 01		26 357 81
18 11	FROM CALL	5608101	50 000 00		
18 11	REIMBT SERFID STTGI	602001		50 000 00	
18 11	BANK CHARGES	640401		15 00	
18 11	REIMBURSEMENT CSF INV. STTGI	602001		500 00	

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

H 1036

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5608001	HYDE PARK SQUARE	(SUITE)			
18 11	BANK CHARGES	640401		20.00	25 822.81
21 11	TDB GE - STC	606001		25 000.00	822.81
24 11	RETURN TRANSF. CONSULAR	640201	2 400.00		3 222.81
25 11	LILLICK MCROSE & CHARLES	640601		868.00	
25 11	BC	640401		5.95	
25 11	BANK CHARGES	640401		3.01	
25 11	CHECK STTGI	602001		50 000.00	
25 11	BANK CHARGES	640401		50.00	47 704.15-
26 11	FROM CALL	5608101	50 000.00		
26 11	REIMBT SERFID SFR 10195	640201		6 216.46	3 920.61-
28 11	FROM CALL	5608101	50 000.00		
28 11	SHEA AND GARDINER	606101		20 000.00	
28 11	TRANSFER TO DOLMY	5603001		15 000.00	
28 11	BANK CHARGES	640401		9.04	
28 11	REIMBT SERFID SFR 168	640201		100.90	10 969.45
30 11	INTEREST	770801	5 466.70		16 436.15
4 12	BANK CHARGES	640401		9.15	16 427.00
	TRANSACT. & BALANCE	50 000.00-	32 959 173.84	32 942 746.84	16 427.00

```
4203     ALBERT HAKIM
         LEDGER                          FROM 01 01 86 TO 06 12 86

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                   DEBIT          CREDIT        BALANCE

5608101    ****** CALL DEPOSIT - HYDE PARK        US$

16   5 ON CALL                                  5608001              3 500 000.00                  3 500 000 00
86
20   5 ON CALL                                  5608001              6 200 000.00                  9 700 000.00
22   5 OFF CALL                                 5608001                               100 000.00   9 600 000.00
23   5 FROM CALL                                5608001                             1 100 000.00   8 500 000.00
27   5 FROM CALL                                5608001                               250 000.00   8 250 000.00
28   5 FROM CALL                                5608001                               200 000.00   8 050 000.00
29   5 FROM CALL                                5608001                                50 000.00   8 000 000.00
 3   6 OFF CALL                                 5608001                                50 000.00   7 950 000.00
 4   6 OFF CALL                                 5608001                                50 000.00   7 900 000.00
 6   6 FROM CALL                                5608001                               100 000.00   7 800 000.00
18   6 FROM CALL                                5608001                             5 800 000.00   2 000 000.00
24   6 OFF CALL                                 5608001                                50 000.00   1 950 000.00
27   6 OFF CALL                                 5608001                                50 000.00   1 900 000.00
30   6 OFF CALL                                 5608001                                50 000.00   1 850 000.00
 7   7 OFF CALL                                 5608001                                80 000.00   1 770 000.00
14   7 FROM CALL                                5608001                                70 000.00   1 700 000.00
15   7 OFF CALL                                 5608001                                70 000.00   1 630 000.00
16   7 OFF CALL                                 5608001                               880 000.00     750 000.00
18   7 FROM CALL                                5608001                               100 000.00     650 000.00
22   7 FROM CALL                                5608001                               650 000.00           0.00
25   9 ON CALL                                  5608001              1 000 000 00                  1 000 000.00
 1  10 OFF CALL                                 5608001                                50 000.00     950 000.00
 3  10 FROM CALL                                5608001                               300 000.00     650 000.00
 8  10 FROM CALL                                5608001                               100 000 00     550 000 00
20  10 FROM CALL                                5608001                               250 000.00     300 000 00
29  10 FROM CALL                                5608001                               300 000.00           0 00
 3  11 TO CALL                                  5608001              1 700 000 00                  1 700 000.00
 6  11 FROM CALL                                5608001                                50 000.00   1 650 000 00
12  11 FROM CALL                                5608001                               300 000 00   1 350 000 00
18  11 FROM CALL                                5608001                                50 000 00   1 300 000 00
26  11 FROM CALL                                5608001                                50 000.00   1 250 000.00
28  11 FROM CALL                                5608001                                50 000.00   1 200 000.00
```

H 1037

```
                                                                                86 12 10  PAGE      2
4203    ALBERT HAKIM
        LEDGER                              FROM 01 01 84 TO 04 12 86

A/C    NAME & DESCRIPTION                     DOC NO CONTRA               DEBIT          CREDIT         BALANCE

5608101  CALL DEPOSIT - HYDE PARK                        (SUITE)
                                                                     ----- --------- -------------
         TRANSACT  & BALANCE                                         12 400 000 00 11 200 000 00    1 200 000 00
```

H 1038

306

```
4203     ALBERT HAKIM
         LEDGER                          FROM 01 01 84 TO 04 12 86                        86 12 10  PAGE      1

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                      DEBIT          CREDIT         BALANCE

608201    ****** FID  DEPOSIT - HYDE PARK               US$

23  4 DEPOSIT                                   5608001                     180 000.00                     180 000.00
86
23  5 FROM DEPOSIT A/C                          5608001                                    180 000.00            0.00

      TRANSACT  & BALANCE                                              -------------- --------------
                                                                        180 000.00     180 000.00            0.00
```

LEDGER FROM 01 01 84 TO 04 12 86

H 1040

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
609001	****** UDALL RESEARCH	US$			
17 4	SAT	600101		200 000.00	
86					
17 4	BANK CHARGES	640401		7.81	
17 4	EAST INC	603701		100 357.86	
17 4	BANK CHARGES	640401		7.81	
17 4	SHARP GREEN & LANK FORD	640201		294.31	
17 4	BANK CHARGES	640401		3.74	300 671.53-
18 4	FROM LAKE	5600001	641 775.00		
18 4	CIE DE SERV FID INV 1134 & 9342	640101		2 141.90	
18 4	CSF - AERO CONTRACTORS LTD	605001		19 635.00	
18 4	BANK CHARGES	640401		95.00	319 231.57
21 4	SAT	600101		120 000.00	
21 4	BANK CHARGES	640401		7.81	199 223.76
23 4	REIMBT CIE DE SERV FID INV 9342	640101	1 070.95		
23 4	FID DEPOSIT	5609201		100 000.00	100 294.71
20 5	TRANSFER TO UDALL	5606001	350 000.00		
20 5	EAST INC	603701		84 894.58	
20 5	BANK CHARGES	640401		8.38	
20 5	ACE	604101		102 411.57	
20 5	BANK CHARGES	640401		27.93	
20 5	ON CALL	5609101		250 000.00	12 952.25
23 5	REIMBT DEPOSIT	5609201	100 000.00		
23 5	INTEREST	770901	500.00		
23 5	ON CALL	5609101		100 000.00	13 452.25
31 5	INTEREST	770901	603.99		14 056.24
24 6	TO UDALL	5608001	40 000.00		
24 6	TR TO DEFEX	4999001		50 750.00	
24 6	BANK CHARGES	640401		2.67	3 303.57
27 6	TO UDALL	5608001	60 000.00		
27 6	TR TO CORPORATE AIR SERVICES INC	605201		58 000.00	
27 6	BANK CHARGES	640401		8.02	5 295.55
30 6	STTGI	602001		30 000.00	
30 6	BANK CHARGES	640401		8.02	
30 6	INTEREST	770901	1 786.46		22 926.01-

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 2

H 1041

A/C	NAME & DESCRIPTION	DOC NO CONTRA (SUITE)	DEBIT	CREDIT	BALANCE
5609001	UDALL RESEARCH				
2 7	TO UDALL	5608001	25 000 00		2 073 99
7 7	TO UDALL	5608001	35 000 00		
7 7	SAT	600101		11 040.00	
7 7	CSF RE STTGI	602001		21 476.64	
7 7	BANK CHARGES	640401		8.20	
7 7	BANK CHARGES	640401		8 20	
7 7	CLOSING ENTRIES	640401		94.65	4 446.30
14 7	CSF INVOICE WZ TRIP USA	640601		8 599 43	4 153.13-
15 7	CSF REIMBT STTGI	602001		30 015.00	34 168 13-
16 7	REMBT STTGI	602001	30 000 00		4 168.13-
18 7	TO UDALL	5608001	5 000 00		831 87
25 7	TO UDALL	5608001	4 000 00		
25 7	BANK CHARGES	640401		5.46	4 826.41
30 7	COMPANIA DEL DESAROLLO	605501		3 993.00	
30 7	BANK CHARGES	640401		2 19	
30 7	JR MONTERO	601901		16 204.00	
30 7	BANK CHARGES	640401		27 32	
30 7	FARNEJAD (MRS JILA H LANKARANI)	640201		8 000.00	
30 7	BANK CHARGES	640401		8.20	23 408 30-
31 7	LILLICK Mc HOSE & CHARLES	640601		4 895.90	
31 7	CASH WITHDRAWAL	640201		40 000.00	
31 7	BANK CHARGES	640401		200 00	
31 7	INTEREST	770901	1 804 69		66 699 51-
1 8	STTGI	602001		70 000 00	
1 8	BANK CHARGES	640401		8 20	136 707 71-
4 8	OFF CALL	5609101	70 000 00		
4 8	OFF CALL	5609101	280 000 00		
4 8	INTEREST	770901	219 97		213 512.26
5 8	BANK CHARGES	640401		2 98	
5 8	TDB GENEVE STC	606001		13 000.00	200 509 28
7 8	ED JANNAY	605601		81 433 89	119 075 39
22 8	TO UDALL	5607001	100 000 00		
22 8	SAT	600101		125 000 00	
22 8	EAST INC	603701		56 000 00	
22 8	CSF REIMBT CHQ ROBINETTE	640201		9 000 00	
22 8	CSF CHARGES	640401		15 00	

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 10 04 12 86

86 12 10 PAGE 3

1042

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
609001	UDALL RESEARCH	(SUITE)			
22 8	BANK CHARGES	640401		8.93	
22 8	BANK CHARGES	640401		8.93	
22 8	CSF REMBT AEROLEASING	600501		21 439.51	7 603.02
23 9	CASH WITHDRAWAL - RVS	640201		7 000.00	
23 9	BANK CHARGES	640401		35.00	568.02
25 9	TR TO ACE	601001		46 892.45	
25 9	CORPORATE AIR SERVICES INC	605201		91 936.66	138 261.09-
26 9	TRANSFER TO UDALL RESEARCH	5608001	140 000.00		
26 9	BANK CHARGES	640401		30.30	
26 9	BANK CHARGES	640401		9.09	1 699.52
30 9	BANK CHARGES TRIM	640401		153.72	1 545.80
8 10	EXECUTIVE TRAVEL SFR 703	640201		435.97	1 109.83
17 10	PRELEVT CASH	0		5 700.00	
17 10	BANK CHARGES	640401		14.25	4 604.42-
23 10	REIMBURSEMENT CASH	640201	2 525.00		2 079.42-
12 11	TRANSFER TO UDALL	5608001	5 000.00		2 920.58
14 11	BANK CHARGES	640401		21.57	2 899.01
15 11	TRANSFER TO HYDE PARK	5608001		2 899.01	0.00
	TRANSACT & BALANCE		1 894 286.06	1 894 286.06	0.00

```
4203     ALBERT HAKIM                                                                   86 12 10  FINAL
         LEDGER                        FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                DEBIT          CREDIT         BALANCE

5609101  ****** CALL DEPOSIT - UDALL RESEARCH      US$

20  5 ON CALL                                   5609001              250 000 00                    250 000 00
86
23  5 ON CALL                                   5609001              100 000.00                    350 000.00
 4  8 OFF CALL                                  5609001                              70 000.00
 4  8 OFF CALL                                  5609001                             280 000.00           0 00
                                                                    -------------- --------------
      TRANSACT. & BALANCE                                            350 000 00     350 000 00           0.00
```

H 1003

```
4203     ALBERT HAKIM                                                                   86 12 10  PAGE      1
         LEDGER                      FROM 01 01 86 TO 04 12 86
                                                                        DEBIT        CREDIT      BALANCE
A/C    NAME & DESCRIPTION                DOC NO CONTRA

5609201   ###### FID  DEPOSIT - UDALL RESEARCH      US$

23  4 FID  DEPOSIT                     5609001            100 000 00                  100 000 00
86                                                                     100 000.00           0 00
23  5 REIMBT DEPOSIT                   5609001
                                                        -------------- --------------
      TRANSACT. & BALANCE                                 100 000 00   100 000.00           0.00
```

H 1044

```
4203      ALBERT HAKIM
          LEDGER
                                        FROM 01 01 84 TO 04 12 86                      86 12 10  PAGE      1
A/C.   NAME & DESCRIPTION
                                          DOC NO CONTRA
                                                                          DEBIT         CREDIT         BALANCE
5610000   ****** STANTECH SERVICES SA
                                                 FRS
28  5 DEPOSIT
86                                        690100      26 525 20+     50 000 00
23  6 LOYER CSF                                                                                    50 000 00
 7  7 BANK CHARGES                        640100
23  7 LOYER CSF                           640400                                    1 050.00       48 950.00
20  8 Me ERIC DEMIERRE                    640100                                       50.00       48 900 00
22  8 LOYER                               640600                                    1 050 00       47 850.00
22  8 CSF INVOICE NO 1362                 640100                                    3 300.00       44 550 00
23  9 CIE SERV  FID  PMI LOYER            640100                                    1 050 00
 3 10 ADMINISTRATION FISCALE CANT[redacted]ALE 640100                               9 000.00       34 500 00
23 10 CIE SERV  FID  LOYER                650000                                    1 050.00       33 450.00
                                          640100                                      128.20       33 321 80
                                                                                    1 050.00       32 271 80

     TRANSACT  & BALANCE                                        ------ ------- --------------
                                                      26 525.20+     50 000 00      17 728.20      32 271 80
```

1045

```
.203    ALBERT HAKIM                   FROM 01 01 86 TO 04 12 86
        LEDGER                                                              DEBIT        CREDIT       BALANCE
                                         DOC NO CONTRA
A/C   NAME & DESCRIPTION

                                                 US$
58        ###### BANK GUARANTEES

                                                 US$
5800001   ###### SERFID GUARANTEE                                                                     70 000 00
 15  7 CSF GUARANTEE 500'000 - DKR          5803001                       70 000 00
                                                                        ------------  ------------
                                                                          70 000 00         0.00      70 000 00
      TRANSACT  & BALANCE
```

H 1046

```
4203      ALBERT HAKIM
          LEDGER                      FROM 01 01 84 TO 04 12 86

A/C    NAME & DESCRIPTION               DOC NO CONTRA              DEBIT        CREDIT      BALANCE
```

1047

```
4203      ALBERT HAKIM                                                                      86 12 10  PAGE      2
          LEDGER                         FROM 01 01 84 TO 04 12 86

A/C     NAME & DESCRIPTION                  DOC NO CONTRA                    DEBIT          CREDIT        BALANCE

          ****** CHARGES                               US$

600001    ****** TRANSIT ACCOUNT                       US$

16   5 WITHDRAWAL CASH FROM LAKE               999901                  224 438 00
86                                                                                    224 438.00             0 00
16   5 TRANSFER                                700001
21   5 WITHDRAWAL CASH FROM LAKE               999901                  260 000 00                    260 000 00
18   7 CASH WITHDRAWAL                         5608001                 310 000 00
18   7 CHQ ALBERT C  HANSEN                    5608001                 125 000 00
18   7 CHQ ASHER WARD                          5608001                 125 000 00                    820 000 00
                                                                    ------------------------------
       TRANSACT  & BALANCE                                           1 044 438 00     224 438.00     820 000 00
```

H 1048

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

86 12 10 PAGE 1

H 1049

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
500101	****** SOUTHERN AIR TRANSPORT	US$			
6 3	TR TO SOUTHERN AIR TRANSPORT	5604001	121 825.00		121 825.00
85					
6 6	CHQ RBT COSTS RVS	5604001		4 768.20	117 056.80
10 12	TRANSFER TO SOUTHERN AIR TRANSPO	5601001	60 000.00		177 056.80
18 12	TR. TO SOUTHERN AIR TRANSPORT	5601001	58 500.00		235 556.80
86					
22 1	TR TO SOUTHERN AIR TRANSPORT	5601001	20 000.00		255 556.80
14 2	TR TO SOUTHERN AIR TRANSPORT	5601001	270 000.00		525 556.80
26 2	SAT	5600001	240 000.00		765 556.80
5 3	SAT	5600001	50 000.00		815 556.80
21 3	SAT	5602001	71 000.00		886 556.80
3 4	SAT	5602001	400 000.00		1 286 556.80
14 4	SAT	5602001	150 000.00		1 436 556.80
17 4	SAT	5609001	200 000.00		1 636 556.80
21 4	SAT	5609001	120 000.00		1 756 556.80
21 5	SAT RE FUEL	5606001	40 000.00		
21 5	SAT RE JET STAR	5606001	50 000.00		
21 5	SAT RE L100	5606001	55 000.00		1 901 556.80
23 5	TR TO SAT	5608001	410 000.00		2 311 556.80
28 5	SAT	5608001	200 000.00		2 511 556.80
18 6	SAT	5608001	242 000.00		2 753 556.80
20 6	SAT	5606001	25 000.00		2 778 556.80
1 7	SOUTHERN AIR TRANSPORT	5607001	200 000.00		2 978 556.80
7 7	SAT	5609001	11 040.00		2 989 596.80
22 8	SAT	5609001	125 000.00		3 114 596.80
11 9	TRANSFER TO SAT	5607001	50 000.00		3 164 596.80
25 9	TO SAT	5607001	100 000.00		3 264 596.80
	TRANSACT & BALANCE		3 269 365.00	4 768.20	3 264 596.80

86 12 10 PAGE 1

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
600401	****** R GUINTERO	US$			
10 4	CHQ TO R QUINIERO	5604001	5 000 00		5 000 00
85					
25 4	CHQ R QUINTERO	5604001	4 000 00		9 000 00
9 5	EXPENSES PAID BY STIGI	5604001	2 840 48		11 840.48
22 5	CHQ R QUINTERO	5604001	15 277.80		27 118 28
16 7	CHQ R QUINTERO	5604001	7 819.00		
16 7	WITHDRAWAL US$ NOTES RQ	5604001	50 000.00		84 937 28
29 8	CHQ R QUINTERO	5600001	4 000.00		88 937.28
13 9	PMT R QUINTERO	5600001	4 000 00		92 937.28
23 9	CHQ R QUINTERO	5600001	2 378 93		95 316.21
1 10	CHQ R QUINTERO	5600001	4 000 00		99 316.21
15 10	CHQ R QUINTERO	5600001	4 000.00		103 316.21
12 11	CHQ R QUINTERO	5600001	902 05		104 218 26
25 11	CHQ R QUINTERO	5600001	4 000 00		108 218.26
17 12	R Q BUS EXPENSES	5601001	10 000 00		118 218.26
86					
7 1	PAYMENT TO R QUINTERO	5601001	4 000.00		122 218.26
30 1	PMT TO R.QUINTERO	5601001	4 000 00		126 218.26
26 2	TR TO R. QUINTERO	5601001	5 000 00		131 218.26
25 3	CHQ R. QUINTERO	5601001	10 000.00		141 218.26
3 4	CIE SERV FID R QUINTERO	5602001	28 000 00		169 218.26
29 4	CHECK QUINTERO	5606001	5 000 00		174 218 26
6 6	CHECK RAFAEL QUINTERO	5606001	5 000.00		179 218 26
16 6	CHQ QUINTERO	5607001	10 000.00		189 218.26
30 6	CHQ QUINTERO	5608001	5 000 00		194 218.26
22 8	CHECK RAFAEL QUINTERO	5607001	10 000.00		204 218.26
5 9	CHECK RAFAEL QUINTERO	5607001	5 000.00		209 218.26
24 9	CHECK RAFAEL QUINTERO	5608001	10 000 00		219 218.26
2 10	RAFAEL QUINTERO CHECK	5608001	5 000.00		224 218 26
3 11	RAFAEL QUINTERO	5608001	5 000.00		229 218 26
	TRANSACT & BALANCE		229 218 26	0.00	229 218 26

```
4203      ALBERT HAKIM                                                          86 12 10  PAGE     1
          LEDGER                         FROM 01 01 86 TO 04 12 86

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                 DEBIT          CREDIT      BALANCE

00601     [redacted] S B S  67-666-BA               US$

 7  3 TR TO SBS GVA                      5604001               353 600 00                   353 600 00
85
 3  4 TR TO SBS GVA                      5604001               300 000 00                   653 600.00
17  4 TR TO SBS GVA                      5604001               150 000 00                   803 600 00
 6  5 TR TO BCO PORTUGUES                5604001             2 491 700 00                 3 295 300 00
 8  5 TR TO BCO PORTUGUES                5604001                60 000 00                 3 355 300.00
24  5 TRANSFER                           5605001                10 000 00                 3 365 300.00
25  5 TRANSFER                           5605001             1 556 400 00                 4 921 700.00
19  7 TRANSFER TO SBS GVA                5604001               200 000 00                 5 121 700.00
 1 10 TR TO SBS GVA                      5600001               301 500.00                 5 423 200.00
22 11 TRANSFER SBS                       5600001               100 000 00                 5 523 200.00
13 12 TRANSFER TO SBS GVA                5601001               300 000 00                 5 823 200 00
86
27  2 TR TO SBS GVA                      5601001               222 000 00                 6 045 200 00
 7  4 TR TO SBS GVA                      5602001                93 120 00                 6 138 320 00
10  4 TR TO SBS GVA                      5602001               136 137 00                 6 274 457.00
17  4 TR FROM 6032                       999901              2 385 261.75                 8 659 718.75
16  5 TR FROM 6034                       999901                434 742 12                 9 094 460 87
20  5 67666 BA                           5607001                13 150.00                 9 107 610 87
23  5 TR TO SBS GVA                      5608001               200 000 00
23  5 TR TO SBS GVA                      5608001               200 000 00                 9 507 610 87
 1  7 67666 BA                           5607001               845 000 00                10 352 610.87
16  7 67666 BA                           5608001               881 987 50                11 234 598 37

                                                          -- ------------ ---------------
       TRANSACT  & BALANCE                                11 234 598 37          0.00   11 234 598 37
```

H 1051

```
                                                                                 86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                         FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA               DEBIT         CREDIT        BALANCE

600701   ****** LAKE RESOURCES                          US$
      TRANSACT  & BALANCE                                              0.00          0.00           0.00
```

H 1053

```
4203      ALBERT HAKIM                                                                  86 12 10  PAGE      1
          LEDGER                        FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                   DEBIT         CREDIT        BALANCE

600801     ****** MAULE AIRCRAFT                        US$

11   9 TR TO MAULE AIRCRAFT                    5600001                   59 000 00                    59 000 00
85
23   9 TR TO MAULE AIRCRAFT                    5600001                    4 000 00                    63 000 00
21  10 TR TO MAULE AIRCRAFT                    5600001                   50 225.00                   113 225 00
86
15   1 CHQ TO MAULE AIRCRAFT                   5601001                    5 100 00                   118 325 00
 3   2 TR TO MAULE AIRCRAFT                    5601001                   50 535 04                   168 860 04
28   2 PMT TO MAULE AIRCRAFT                   5601001                    4 577.67                   173 437.71
                                                                       -------------- --------------
      TRANSACT  & BALANCE                                               173 437.71          0.00    173 437.71
```

```
6203      ALBERT HAKIM                                                              86 12 10  PAGE      1
          LEDGER                          FROM 01 01 84 TO 86 12 86

A/C.  NAME & DESCRIPTION                       VOL NO CONTRA               DEBIT        CREDIT       BALANCE

U0Y01    ****** COMMERCIAL TULIN SA                  US$

21 10 PMT COM. TULIN SA                        5600001               15 000 00                  15 000 00
85
15 11 TR TO TULIN SA                           5600001               15 000.00
15 11 TR TO TULIN SA                           5600001               15 000 00                  65 000 00
86
15  1 TR TO TULIN SA                           5601001               10 000 00                  55 000 00
17  2 COMMERCIAL TULIN SA                      5600001               10 000 00                  65 000 00
18  3 COMMERCIAL TULIN SA                      [illegible]           [illegible]                75 000 00
30  4 COMMERCIAL TULIN                         [illegible]           [illegible]                [illegible]
 6  6 COMMERCIAL TULIN                         [illegible]           [illegible]
30  6 COM TULIN                                [illegible]           [illegible]
22  8 COMERCIAL TULIN SA                       [illegible]           [illegible]                [illegible]
 9  9 COMMERCIAL TULIN                         [illegible]           [illegible]                [illegible]
 6 10 COMMERCIAL TULIN                         [illegible]           [illegible]                [illegible]
 5 11 COMMERCIAL TULIN                         [illegible]           [illegible]                [illegible]
                                               [illegible]           [illegible]                [illegible]

      TRANSACT. & BALANCE
                                                                     [illegible]   [illegible]  [illegible]
```

1054

```
4203      ALBERT HAKIM
          LEDGER
                                         FROM 01 01 84 TO 04 12 86                        86 12 10  PAGE      1
A/C   NAME & DESCRIPTION
                                            DOC NO CONTRA
                                                                              DEBIT        CREDIT      BALANCE
601001    ###### AMALGAMATED COM  ENT
                                                      US$
25   9 TR TO ACE
                                                 5609001
                                                                           46 892.45                  46 892.45

          TRANSACT  & BALANCE
                                                                      ------------- -------------
                                                                           46 892.45        0.00      46 892.45
```

H 1055

```
4203     ALBERT HAKIM                                                                      86 12 10  PAGE      1
         LEDGER                    FROM 01 01 84 TO 04 12 86

A/C.   NAME & DESCRIPTION                DOC.NO CONTRA                 DEBIT          CREDIT       BALANCE

601101    ****** JOSEPH HAMILTON                     US$

  5  1 TR TO JOSEPH HAMILTON           5601001                    125 000 00                    125 000 00
                                                             --------------- --------------
       TRANSACT. & BALANCE                                        125 000.00           0.00     125 000 00
```

H 1056

```
4203      ALBERT HAKIM                                                          86 12 10  PAGE      1
          LEDGER                    FROM 01 01 84 TO 04 12 86

A/C     NAME & DESCRIPTION              DOC NO CONTRA                 DEBIT        CREDIT       BALANCE

603701    ###### EAST INC.                        US$

27 12 TR. TO EAST INC.                  5601001                  100 500.00                  100 500.00
86
17  2 EAST INC.                         5600001                   10 000.00                  110 500.00
20  2 TR. TO EAST INC.                  5601001                   20 000.00                  130 500.00
26  2 TR. TO EAST INC.                  5601001                   92 440.44                  222 940.44
14  4 EAST INC.                         5602001                   30 000.00                  252 940.44
17  4 EAST INC.                         5609001                  100 357.86                  353 298.30
20  5 EAST INC.                         5609001                   84 894.58                  438 192.88
 7  7 EAST INC.                         5608001                   61 304.12                  499 497.00
24  7 EAST INC.                         5606001                   87 860.38                  587 357.38
22  8 EAST INC.                         5609001                   56 000.00                  643 357.38
25  9 EAST INC.                         5600001                   14 449.25                  657 806.63
                                                              -------------- --------------
        TRANSACT. & BALANCE                                      657 806.63          0.00    657 806.63
```

H 1057

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

86 12 10 PAGE 1

A/C		NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
603901		****** SHIP	US$			
1	5	ARNE HERUP AND DBI DKR 250000 -- 86	5603001	31 098.40		31 098.40
7	5	ARNE HERUP AND DBI DKR 2366558 --	5603001	290 464.31		
7	5	CIE SERV. FID. SA CHARTERING APS	5603001	8 000.00		
7	5	RETRAIT CASH CAPTAIN ARNE HERUP	5603001	5 000.00		334 562.71
21	5	RETRAIT CASH CAPTAINE ARNE HERUP	5603001	5 012.00		339 574.71
23	5	ACOMARIT SERV. MARITIME	5603001	20 000.00		359 574.71
5	6	CHECK TO ARNE HERUP	5603001	3 125.00		
5	6	SALARY CHIEF MATE AND COOK	5603001	5 500.00		368 199.71
13	6	COMPTE NO 3677 LIT 1930000	5603001	1 293.74		369 493.45
26	6	SA CHARTERING APS	5603001	6 425.60		375 919.05
30	6	SA CHARTERING APS	5603001	3 454.25		379 373.30
1	7	SA CHARTERING APS	5603001	247.03		379 620.33
8	7	SA CHARTERING APS	5603001	15 500.00		395 120.33
9	7	CHQ ARNE HERUP	5603001	3 125.00		
9	7	127555-5 WAGES CREW	5603001	5 900.00		404 145.33
10	7	ARNE HERUP RE INCENTIVE	5603001	5 000.00		
10	7	ARNE HERUP WAGES MAY-JUNE	5603001	6 250.00		415 395.33
14	7	SA CHARTERING APS	5603001	1 460.00		416 855.33
16	7	SA CHARTERING APS	5603001	5 430.00		422 285.33
23	7	SA CHARTERING APS	5603001	4 444.00		
23	7	CSF DKR 32'000.- REMBT PSM	5603001	4 176.47		430 905.80
25	7	CHQ ARNE HERUP	5603001	3 125.00		434 030.80
28	7	SA CHARTERING APS	5603001	16 000.00		450 030.80
31	7	WAGES SHIP CREW	5603001	7 100.00		
31	7	ARNE HERUP	5603001	3 125.00		460 255.80
21	8	SA CHARTERING APS	5603001	16 800.00		477 055.80
22	8	ARNE HERUP	5603001	6 250.00		483 305.80
25	8	CHQ ARNE HERUP	5603001	6 250.00		
25	8	127555-5 REF WAGES	5603001	7 100.00		496 655.80
28	8	SA CHARTERING APS	5603001	15 000.00		511 655.80
26	9	ARNE HERUP - A/C WITH CREDIT SUIS	5603001	3 125.00		
26	9	SHIP WAGES - 127555-5	5603001	7 100.00		
26	9	ARNE HERUP	5603001	3 125.00		525 005.80

H 1058

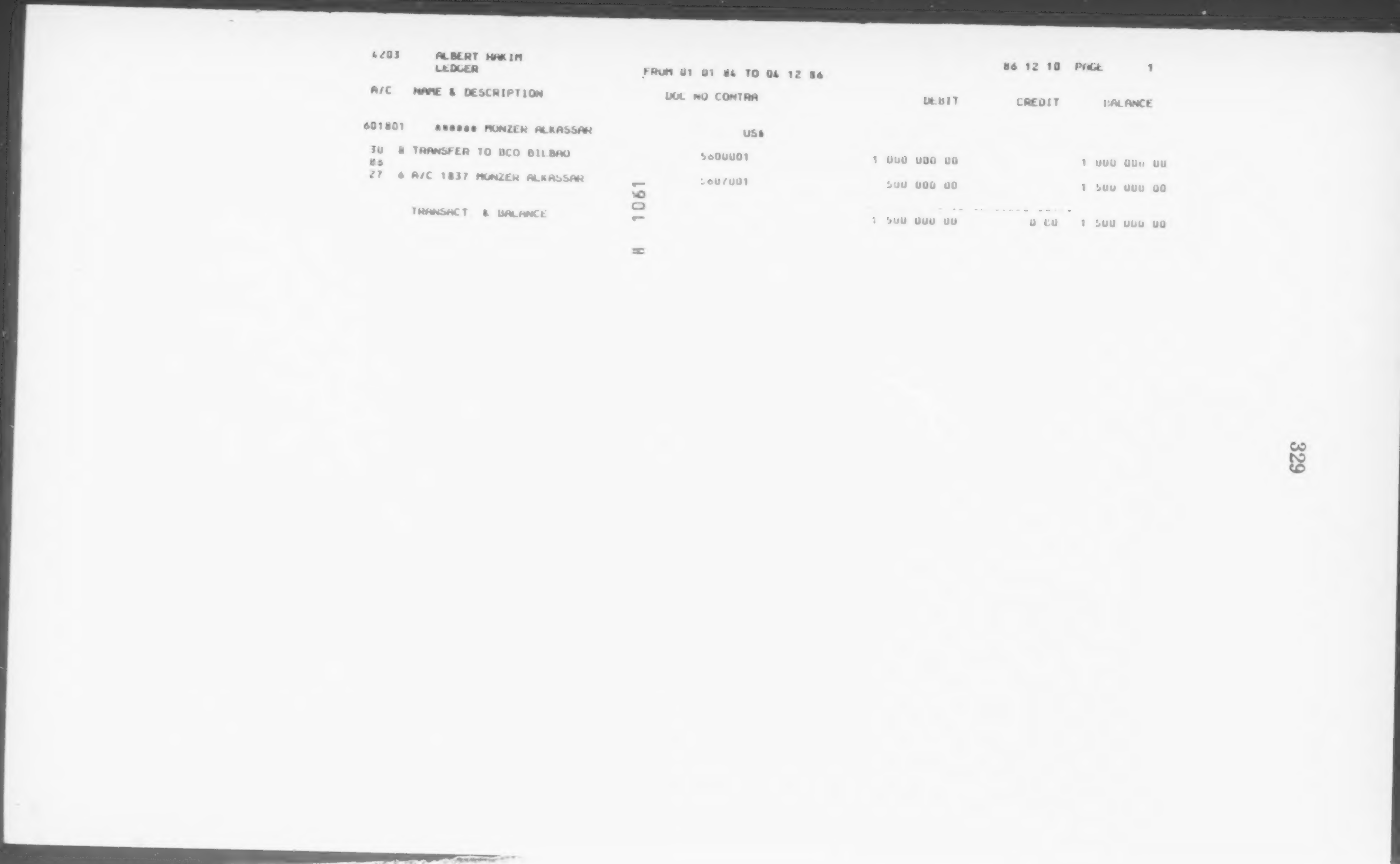
326

```
4203      ALBERT HAKIM                                                            86 12 10  PAGE     2
          LEDGER                         FROM 01 01 86 TO 06 12 86

A/C    NAME & DESCRIPTION                      DOC NO CONTRA            DEBIT         CREDIT        BALANCE

603901    SHIP                                          (SUITE)
 27  9 SA CHARTERING APS                     5603001                13 340 00                   538 345 80
 15 10 SA CHARTERING APS                     5603001                20 000 00                   558 345 80
 28 10 ARNE HERUP                            5603001                 3 125 00
 28 10 ARNE HERUP CHECK                      5603001                 3 125 00
 28 10 127555-5 OCTOBER                      5603001                 7 100 00                   571 695 80
 27 11 ARNE HERUP                            5603001                 3 125 00
 27 11 127555-5                              5603001                 7 100 00
 27 11 CHECK ARNE HERUP                      5603001                 3 125 00                   585 045 80
                                                                -------------- --------------
       TRANSACT  & BALANCE                                         585 045 80         0 00      585 045 80
```

H 1059

```
4203      ALBERT HAKIM
          LEDGER
A/C     NAME & DESCRIPTION               FROM 01 01 84 TO 04 12 86
                                                                              86 12 10  PAGE      1
                                             DOC NO CONTRA
603903     ****** SHIP INSURANCE - DM                                    DEBIT        CREDIT       BALANCE
20  5 INSURANCE MANTERS HORNER                   D M
                                            5603003
         TRANSACT. & BALANCE                                       110 318 75
                                                                                                110 318 75
                                                                -------------  ---------------
                                                                   110 318 75           0.00    110 318 75
```

H 1060



```
4203      ALBERT HAKIM
          LEDGER                FROM 01 01 84 TO 04 12 86                        86 12 10  PAGE      1

A/C   NAME & DESCRIPTION          DOC NO CONTRA                    DEBIT         CREDIT       BALANCE

601801      ****** MONZER ALKASSAR              US$

30  8 TRANSFER TO BCO BILBAO          5400001            1 000 000 00                   1 000 000 00
85
27  4 A/C 1837 MONZER ALKASSAR        5407001              500 000 00                   1 500 000 00
                                                                        - -- -- ----- ---- -
      TRANSACT  & BALANCE                                 1 500 000 00          0 00    1 500 000 00
```

H 1061

329

86 12 10 PAGE 1

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
601V01	888888 J MONTERO	US$			
18 12	CASH WITHDRAWAL	5600001	2 540.00		2 540 00
86					
17 2	TR TO J. MONTERO	5600001	10 417 57		12 957 57
3 3	3 CHECKS TO J MONTERO	5601001	30 000 00		42 957 57
4 3	TR TO J R MONTERO	5601001	21 000 00		63 957 57
5 3	RD CHQ MONTERO	5601001		30 000 00	
5 3	TO CSF (JRM)	5602001	30 000.00		63 957 57
18 6	CIE SERV FID MONTERO	5606001	48 524 83		112 482.40
30 7	JR MONTERO	5609001	16 204 00		128 686.40
	TRANSACT. & BALANCE		158 686 40	30 000 00	128 686 40

H 1062

```
4203     ALBERT HAKIM                                                      86 12 10  PAGE     1
         LEDGER                      FROM 01 01 86 TO 06 12 86

A/C   NAME & DESCRIPTION                DOC NO CONTRA                 DEBIT        CREDIT      BALANCE

602101    ****** ABDUL RAHMAN TINAY             US$

13  9 TR TO ABDUL RAHMAN                   5600001                   2 636 00                  2 636 00
                                                              ---------------- --------------
        TRANSACT  & BALANCE                                          2 636 00         0 00     2 636 00
```

H 1064

```
4203     ALBERT HAKIM                                                                    86 12 10  PAGE      1
         LEDGER                   FROM 01 01 84 TO 86 12 86

A/C   NAME & DESCRIPTION              DOC NO CONTRA                      DEBIT         CREDIT       BALANCE

602401    ****** ALPHA SERVICES                     US$

 30  9 TR TO ALPHA SERVICES              5600001                   175 000.00                    175 000.00
 85
  1 10 TR TO ALPHA SERVICES              5600001                    25 000.00                    200 000.00
                                                                --------------  --------------
      TRANSACT. & BALANCE                                          200 000.00           0.00     200 000.00
```

```
4203      ALBERT HAKIM
          LEDGER                      FROM 01 01 84 TO 04 12 86                 86 12 10  PAGE      1

A/C   NAME & DESCRIPTION              DOC NO CONTRA                     DEBIT        CREDIT       BALANCE

602501    ****** DENIS PONCE                     US$

 21 10 PMT DENIS PONCE                  5600001
 85                                                                  5 000 00                   5 000 00
 15 11 TR TO D  PONCE                   5600001
 15 11 TR TO DENIS PONCE                5600001                      5 000.00
 25 11 FUNDS RECEIVED LESS BK CHARGES   5600001                      5 000.00                  15 000.00
 86                                     5600001                                   4 970 00     10 030.00
  3  1 REVERSAL PMT PONCE               5600001
 16  1 REVERSAL PMT D  PONCE            5600001                                   5 000.00      5 030.00
                                                                                  5 000.00         30.00

       TRANSACT  & BALANCE                                         ------------ ------------
                                                                    15 000.00    14 970.00         30.00
```

H 1066

```
4203    ALBERT HAKIM                                                               86 12 10  PAGE      1
        LEDGER                     FROM 01 01 86 TO 04 12 86

A/C    NAME & DESCRIPTION               DOC NO CONTRA                     DEBIT          CREDIT       BALANCE

602601    ****** SANTA LUCIA AIRWAYS                US$

29 11 TR TO SANTA LUCIA AIRWAYS                5600001            127 700 00                  127 700 00
                                                                  ---------- --------------
       TRANSACT. & BALANCE                                        127 700 00           0.00   127 700 00
```

H 1067

4203 ALBERT HAKIM
LEDGER
·FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
602701	****** TRANSWORLD ARMS LTD	US$			
28 12	TR TO TRANSWORLD ARMS	5604001	414 037 00		414 037 00
85					
16 1	TRANSFER TO TRANSWORLD ARMS	5604001	90 000 00		504 037 00
22 1	TRANSFER TO TRANSWORLD ARMS	5604001	400 000 00		904 037 00
19 3	TR TO TRANSWORLD ARMS	5604001	600 000 00		1 504 037 00
30 5	TR TO ROYAL BANK OF CANADA	5604001	8 000 00		1 512 037.00
86					
18 6	TAA	5606001	200 000 00		1 712 037 00
20 6	RETURN PMT TAA 180686	5606001		200 000 00	1 512 037 00
	TRANSACT & BALANCE		1 712 037 00	200 000.00	1 512 037 00

H 1068

```
                                                                                86 12 10
      ALBERT HAKIM                     FROM 01 01 86 TO 06 12 86
      LEDGER                                                          DEBIT          CREDIT         BALANCE
                                          DOC NO CONTRA
    NAME & DESCRIPTION

                                                 US$                                                21 907 00
S  3201     ****** DEFEX PORTUGAL                                   21 907 00
                                               5604001                                              79 407.00
 5   4 TR TO DEFEX                                                  57 500.00                      224 759 00
45                                             5604001             145 352 00                      805 612 21
10   5 TR TO BCO PORTUGUES                     5604001             580 853.21                    2 198 087 05
11   7 TR TO BCO PORTUGUES          1069       5604001           1 392 474.84
 3   7 TR TO UBS FRIBOURG                      5604001                                           2 224 261.75
24   7 TR TO UBS FRIBOURG                                           26 174.70
16                                             5600001             161 000.00                            0.00
 7   1 DEFEX                                   5606001                            2 385 261.75
 7   4 DEFEX                        H          999901
 7   4 TR TO 6006                                                 ------------   ------------            0.00
                                                                  2 385 261 75   2 385 261.75

      TRANSACT  & BALANCE
```

```
       LEDGER
       E & DESCRIPTION                      DOC NO CONTRA

                                                 US$
  3301     888888 GAR INC                                                                      1 000.00
 5   4 CHQ GAR INC                       5604001                    1 000.00
                                                             -------  --------  -------------
                                                                    1 000.00           0.00    1 000.00
      TRANSACT  & BALANCE
```

H 1070

337

```
                                                                                     86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                      FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                DEBIT         CREDIT       BALANCE

                                                   US$
604101    ****** ACE

 18 11 TR TO AMALGAMATED COM  ENT            5600001            450 630 00                    450 630 00
 86
 22  1 TR TO AMALGAMATED COM  ENT            5601001            230 000 00                    680 630 00
 31  1 TR TO AMALGAMATED COM  ENT            5601001            150 000 00                    830 630 00
 17  3 ACE                                   5602001            475 000 00                  1 305 630 00
 21  3 ACE                                   5602001             29 000 00                  1 334 630 00
 18  4 ACE                                   5606001             57 022 03                  1 391 652 03
 20  5 ACE                                   5609001            102 411 57                  1 494 063 60
                                                              ---------------------------
      TRANSACT  & BALANCE                                     1 494 063 60         0 00     1 494 063 60
```

```
4203     ALBERT HAKIM                                                              86 12 10  PAGE      1
         LEDGER                    FROM 01 01 84 TO 04 12 86

A/C  NAME & DESCRIPTION                 DOC NO CONTRA                  DEBIT        CREDIT      BALANCE

.04301     ****** ARTURO JOSE CARUZ PORRAS          US$

17  2 ARTURO JOSE CARUZ PORRAS              5600001                 3 500 00                   3 500 00
86
30  4 ARTNO JOSE CRUZ PORRAZ                5606001                 7 000 00                  10 500 00
 6  6 ARTURO JOSE CRUZ PORRAS               5606001                 7 000 00                  17 500 00
30  6 ARTURO JOSE CRUZ PORRAS               5608001                 7 000 00                  24 500 00
22  8 ARTURO JOSE CRUZ PORRAS               5607001                14 000 00                  38 500 00
 9  9 ARTURO JOSE CRUZ PORRAS               5607001                 7 000 00                  45 500 00
 6 10 ARTURO JOSE CRUZ PORRAS               5608001                 7 000 00                  52 500 00
 5 11 ARTURO JOSE CRUZ PORRAS               5608001                 7 000 00                  59 500 00
                                                               ---------- ---- --------------
      TRANSACT. & BALANCE                                          59 500 00         0.00      59 500 00
```

1072

```
                                                                        86 12 10  PAGE       1
4203     ALBERT HAKIM                     FROM 01 01 86 TO 06 12 86
         LEDGER                                                    DEBIT        CREDIT      BALANCE
A/C   NAME & DESCRIPTION                    DOC NO CONTRA

04401    ****** GOULDENS CLIENTS ACCOUNT          US$                                         110 000.00
 1  5 GOULDENS CLIENT                      SC06001           110 000.00
                                                            ----------  ----------  ----------
                                                             110 000.00        0.00  110 000.00
       TRANSACT  & BALANCE
```

H 1073

```
4203     ALBERT HAKIM                                                              86 12 10  PAGE
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                DOC. NO CONTRA                     DEBIT        CREDIT       BALANCE

604501    ****** MOTOROLA INC                       US$

  5  5 NORTH TRUST BANK MOTAOLA INC        5606001               100 000.00                  100 000.00
                                                                 ----------------------------
      TRANSACT. & BALANCE                                        100 000.00         0.00     100 000.00
```

H 1074

```
4203     ALBERT HAKIM                 FROM 01 01 86 TO 04 12 86
         LEDGER                                                          DEBIT        CREDIT      BALANCE
                                        DOC NO CONTRA
A/C    NAME & DESCRIPTION

                                                 US$                                               101 500 00
604601     ****** CODELIS                                              101 500 00
                                           5606001
 14   5 TDB CODELIS                                                ------------ ---------- --     101 500 00
                                                                     101 500 00         0 00
       TRANSACT  & BALANCE
```

H1075

```
4203     ALBERT HAKIM
         LEDGER                      FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION               DOC NO CONTRA                  DEBIT          CREDIT       BALANCE

                                                  US$
604801    ****** 500816-JM-601 D
 10  2 500816-JM-601D                  5600001               1 850 000.00                   1 850 000 00
 86                                                                                         3 700 000 00
 11  2 500816-JM-601D                  5600001               1 850 000.00                  10 200 000 00
 15  5 JM 601 D 500816                 5600001               6 500 000.00
                                                           ---------------  --------------
        TRANSACT & BALANCE                                  10 200 000.00           0.00   10 200 000.00
```

1076 H

```
                                                                                        86 12 10  PAGE      1
4203     ALBERT HAKIM                    FROM 01 01 84 TO 04 12 86
         LEDGER                                                            DEBIT        CREDIT       BALANCE
                                           DOC NO CONTRA
A/C   NAME & DESCRIPTION

                                                    US$
.05001    ****** AERO CONTRACTORS LTD                                                                19 635 00
 18  4 CSF - AERO CONTRACTORS LTD             5609001               19 635 00                        65 027 00
 86                                                                 45 392 00
 16  7 CHECK AERO CONTRACTORS LTD             5608001
                                                            ------ --------  ------------ --
                                                                    65 027 00          0 00          65 027 00
      TRANSACT  & BALANCE
```

1077
H

```
4203     ALBERT HAKIM
         LEDGER                      FROM 01 01 84 TO 04 12 86                          86 12 10  PAGE      1

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                      DEBIT          CREDIT        BALANCE

05101    ****** BK OTSAR T.A. # 2303705-50        US$

17  2 TR TO BK OTSAR T.A.                5600001                         31 500 00                    31 500 00

      TRANSACT. & BALANCE                                              ---------------  ---------------
                                                                         31 500.00          0.00      31 500 00
```

1078

W

```
4203     ALBERT HAKIM                                                                       86 12 10  PAGE      1
         LEDGER                        FROM 01 01 86 TO 06 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                      DEBIT          CREDIT        BALANCE

605201     ****** CORPORATE AIR SERVICES            US$

 27  8 TR TO CORPORATE AIR SERVICES INC        5609001                      58 000.00                      58 000.00
 86
  3  9 REIMBT CSF - CORP AIR SERVICES          5607001                      62 018.00                     120 018.00
 25  9 CORPORATE AIR SERVICES INC              5609001                      91 936.66                     211 954.66
                                                                       -------------- --------------
      TRANSACT. & BALANCE                                                  211 954.66           0.00      211 954.66
```

1079 H

```
4203     ALBERT HAKIM
         LEDGER                           FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                 DEBIT        CREDIT       BALANCE

605401    ****** DAVCO ASSOCIATES                    US$

 20  8 CSF - DAVCO ASSOCIATES              5606001                    10 000.00                  10 000.00
                                                                  -------------- --------------
      TRANSACT  & BALANCE                                             10 000.00          0.00    10 000.00
```

1080
W

```
4203     ALBERT HAKIM                                                                  86 12 10  PAGE      1
         LEDGER                            .FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                      DOC NO CONTRA                    DEBIT       CREDIT      BALANCE

05301    ****** TOM GREEN                                  US$

22  7 TOM GREEN                                    5606001               50 000 00                 50 000 00
86
 3  9 CHECK TOM GREEN                              5607001               15 000 00                 65 000 00
12  9 CHECK TO TOM GREEN                           5607001               10 000.00                 75 000 00
22 10 CHECK TOM GREEN                              5608001               20 000.00                 95 000.00
                                                                    ---- - -------- -------------
                                                                         95 000.00        0.00     95 000 00
      TRANSACT  & BALANCE
```

1081 H

```
4203     ALBERT HAKIM
         LEDGER                                                                         86 12 10  PAGE      1
                                     FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                  DOC NO CONTRA                     DEBIT        CREDIT       BALANCE

605501    ****** COMPANIA DEL DESSAROLLO DE S ELENA  US$

 30  7 COMPANIA DEL DEGAROLLO                5609001                      3 993 00                   3 993 00
                                                                          --------------------
       TRANSACT  & BALANCE                                                3 993 00          0 00     3 993 00
```

H 1062

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
		US$			
605601	****** ED JANAY 15 09596 7 7 8 ED JANNAY	5609001	81 433.89		81 433.89
	TRANSACT & BALANCE		81 433.89	0.00	81 433.89

H 1083

```
4203     ALBERT HAKIM
         LEDGER
                                        FROM 01 01 84 TO 04 12 86                          86 12 10  PAGE      1

A/C    NAME & DESCRIPTION                  DOC NO CONTRA                      DEBIT        CREDIT       BALANCE

585701     ****** FORWAY INDUSTRIES                   US$

25   8 FORWAY INDUSTRIES                    5607001                      50 000.00                   50 000.00
86
12 11 CSF INVEST. RE FORWAY                 5608001                     260 000.00                  310 000.00
                                                                      ------------  ------------
       TRANSACT. & BALANCE                                              310 000.00          0.00    310 000.00
```

H 1084

```
                                                                              86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C  NAME & DESCRIPTION                     DOC NO CONTRA             DEBIT        CREDIT      BALANCE

                                                      US$
605801    ■■■■■■ ACL                                                                             5 729.68
 25  9 CHECK ACL                                5608001              5 729.68
                                                               ------------- -------------
                                                                     5 729.68         0.00       5 729.68
        TRANSACT. & BALANCE
```

H 1085

352

```
4203     ALBERT HAKIM                                                   86 12 10  PAGE      1
         LEDGER                      FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION               DOC NO CONTRA              DEBIT        CREDIT      BALANCE

605901    ****** HAEFELIN                          US$

27 10 HAEFELIN - UBS                    5608001           2 037 000 00                  2 037 000 00
                                                          ------------   ------------
      TRANSACT. & BALANCE                                 2 037 000 00          0.00    2 037 000 00
```

H 1086

```
4203     ALBERT HAKIM                                                        86 12 10  PAGE      1
         LEDGER                   FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                DOC NO CONTRA                  DEBIT        CREDIT       BALANCE

606001    ****** STANFORD TECHN. CORP. TDB GE     US$

21  4 TDB GENEVE STC                       5606001                 20 000 00                  20 000 00
86
 5  8 TDB GENEVE STC                       5609001                 13 000 00                  33 000 00
 6 10 TDB GENEVE STC CORP.                 5608001                 30 000 00                  63 000 00
21 11 TDB GE - STC                         5608001                 25 000 00                  88 000.00
                                                             ---- - -------- -------------
      TRANSACT  & BALANCE                                          88 000 00        0.00      88 000 00
```

H 1087

4203 ALBERT HAKIM
LEDGER
FROM 01 01 86 TO 06 12 86
86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
606101	****** SHEA AND GARDINER	US$			
28 11	SHEA AND GARDINER	5608001	20 000 00		20 000 00
	TRANSACT. & BALANCE		20 000 00	0 00	20 000 00

```
                                                                                 86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                      FROM 01 01 86 TO 06 12 86
                                                                        DEBIT        CREDIT      BALANCE
A/C   NAME & DESCRIPTION                DOC NO CONTRA

640100    ****** DOMICILIATION + DIRECTORS FEES      FRS
                                                                                                1 050 00
 23  6 LOYER CSF                            5610000               1 050 00
 86                                                                                             2 100 00
 23  7 LOYER CSF                            5610000               1 050 00
 22  8 LOYER                                5610000               1 050 00
 22  8 CSF INVOICE NO 1362                  5610000               9 000 00                     12 150.00
 23  9 CIE SERV. FID  PMT LOYER             5610000               1 050 00                     13 200.00
 23 10 CIE SERV  FID  LOYER                 5610000               1 050 00                     14 250 00
                                                              ---- ---------  --------------
     TRANSACT. & BALANCE                                         14 250.00          0.00       14 250 00
```

1089 H

356

```
4203     ALBERT HAKIM                                                                  86 12 10  PAGE       1
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C    NAME & DESCRIPTION                        DOC NO CONTRA             DEBIT         CREDIT        BALANCE

640101     ****** DOMICILIATION + DIRECTORS FEES      US$

 15 10 PMT INV. COMP  DE SERV  FID             5600001              4 650 00
 85
 15 10 PMT INV. COMP  DE SERV  FID.            5600001              4 157 04                      8 807 04
 12 11 PMT INV. AUDIFI                         5600001                233 37
*12 11 PMT INV. CSF                            5600001              1 400 23                     10 440 64
 86
 17  4 CIE SER  FID  INV  9549 SFR 5000        5606001              2 673 80                     13 114 44
 18  4 CIE SERV FID INV. 1115                  5608001              2 750 00
 18  4 CIE DE SERV FID  INV 1134 & 9342        5609001              2 141 90                     18 006 34
 23  4 REIMBT CIE DE SERV FID INV  9342        5609001                           1 070 95        16 935 39
  1  5 CIE SERV  FID  INV  1164               *5603001              2 732 25                     19 667 64
 20  5 CIE SERV. FID. INV  1192                5607001              2 739.73
 20  5 CSF INV  1201                           5602001              2 500 00                     24 907 37
 18  7 CSF INV  1322/1324                     *6640201              1 734 10                     26 641 47
  8 10 CIE SERV FID  INV.ENERGY SFR 3000       5608001              1 872 07                     28 513.54
                                                                 -- - ---------- -------------
      TRANSACT  & BALANCE                                          29 584 49       1 070.95      28 513 54
```

0601 H

```
        LEDGER                          FROM 01 01 86 TO 06 12 86                  86 12 10  PAGE      1
   A/C.  NAME & DESCRIPTION              · DOC NO CONTRA
                                                                    DEBIT        CREDIT       BALANCE
  640200     ****** BUSINESS EXPENSES                FRS
         TRANSACT. & BALANCE
                                                                     0.00          0.00          0.00
```

H 1091

203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 06 12 86
86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
640201	****** BUSINESS EXPENSES	US$			
25 2	BUSINESS EXPENSES	5604001	3 506.00		3 506.00
85					
20 3	CASH WITHDRAWAL RVS	5604001	5 000.00		8 506.00
10 5	TRAVEL EXPENSES	5604001	241.33		8 747.33
6 9	PMT INV. HOTEL INTERCON.	5604001	2 932.33		11 679.66
15 10	CASH WITH. MASOUDI	5600001	5 000.00		16 679.66
17 10	PMT HOTEL INTERCONTINENTAL	5600001	4 812.82		21 492.48
17 12	BUSINESS EXPENSES PHASE IV	5601001	50 000.00		71 492.48
86					
17 2	HOTEL INTERCONTINENTAL	5600001	665.94		
17 2	CASH WITHDRAWAL	5600001	300.00		72 458.42
18 2	WITHDRAWAL CASH TRAVEL EXP	*5600001	35 000.00		107 458.42
9 4	TOM LINNES REIMBT LUC. 300 - SFR	5602001	154.04		
9 4	PMT SFR 300.- CASH	5602001		150.00	107 462.46
17 4	WITH. CASH . EXPENSES	5602001	601.00		
17 4	SHARP GREEN & LANK FORD	5609001	294.31		108 357.77
1 5	CASH ERIC ZUCKER	5606001	500.00		108 857.77
13 5	RE TRIP OF 05/13/86	5606001	3 000.00		
13 5	RE TRIP OF 05/13/86	5606001	2 793.30		114 651.07
15 5	CASH GEN. EXP. RUS/AH	5606001	2 777.78		
15 5	BILL / GREG / AVC	5606001	30 150.00		147 578.85
23 5	CASH RE GEN EXP. SFR 4000 -	5608001	2 144.77		149 723.62
27 5	CIE DE SERV FID REIMBT ADC	5608001	26 653.50		176 377.12
28 5	CASH WITH. GEN. EXP.	5608001	1 604.28		177 981.40
3 6	CASH WITHDRAWAL	5608001	1 000.00		178 981.40
7 6	KLINIC BUCHINGER DM 5000 -	5608001	2 294.10		181 275.50
1 7	CSF CASH WITHDR. RE ERIC ZUCKER	5608001	1 000.00		182 275.50
7 7	FARNEJAD (JILA H. LAKARANI)	5608001	2 500.00		184 775.50
9 7	BUCHINGER PAT. DM 6000 -	5608001	2 778.29		187 553.79
18 7	CSF INV. 1322/1324 SFR 32567.	5608001	18 824.86		
18 7	CSF INV. 1322/1324	*		18 824.86	187 553.79
24 7	HOTEL INTERCONTINENTAL	5608001	7 052.88		194 606.67
30 7	CASH WITHDRAWAL - ERIC ZUCKER	5608001	1 000.00		
30 7	FARNEJAD (MRS JILA H. LANKARANI)	5609001	8 000.00		203 606.67

1092
=

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

86 12 10 PAGE 2

1093
H

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
640201	BUSINESS EXPENSES	(SUITE)			
31 7	CASH WITHDRAWAL	5609001	40 000 00		243 606.67
20 8	CASH WITHDRAWAL - TC	5606001	10 000 00		253 606.67
22 8	CSF REIMBT CHQ ROBINETTE	5609001	9 000 00		262 606.67
26 8	CASH WITHDRAWAL	5607001	9 453.30		
26 8	CASH WITHDRAWAL	5607001	500.00		272 559.97
28 8	CASH WITHDRAWAL	5607001	1 000.00		273 559.97
1 9	TDB - CSF - RE CASH WITHDRAWAL	5607001	51 000.00		324 559.97
5 9	Jila H. Lankarani - FARNEJAD	5607001	5 000 00		329 559.97
12 9	FARNEJAD - Mrs Jila H Lankarani	5607001	10 000 00		339 559.97
18 9	CASH WITHDRAWAL - TOM CLINES	5607001	2 000 00		341 559.97
23 9	CASH WITHDRAWAL - RVS	5609001	7 000 00		348 559 97
24 9	CASH WITHDRAWAL - TOM CLINES	5606001	5 000 00		353 559.97
30 9	TDB REIMBT CASH WITHDR AH	5608001	51 000 00		
30 9	CASH WITHDRAWAL ERIC ZUCKER	5608001	1 000 00		405 559 97
8 10	JILA H. LANKARANI	5608001	5 740.00		
8 10	EXECUTIVE TRAVEL SFR 703	5609001	435 97		411 735 94
14 10	CONSULAR	5608001	2 400.00		414 135 94
15 10	CIE SERV FID REMBT CASH AH	5608001	2 000.00		416 135 94
17 10	CHECK MC ALISTER	e5609001	3 100 00		419 235 94
22 10	C.S.F. REMBT PRELEVT CASH	5608001	2 000.00		421 235 94
23 10	REIMBURSEMENT CASH	5609001		2 525 00	
23 10	CANCELLATION REIMBT CASH	999901	2 512 00		
23 10	CANCELL REIMBT CAHS BANK CHARGES	640401	13 00		421 235 94
27 10	WITHDRAWAL CASH ROBERT DUTTON	5608001	40 000 00		
27 10	CIE SERV FID REMBT CASH A H	5608001	51 000 00		
27 10	SERFID REMBT SFR 703 AVION FRANCE	5608001	420 96		512 656.90
28 10	WITHDRAWAL	5608001	6 000 00		518 656 90
3 11	SERFID INV 1421 + 60 SFR	5608001	338 37		518 995 27
5 11	WITHDRAWAL	5608001	10 000 00		
5 11	WITHDRAWAL SFR 2000	5608001	1 176 47		530 171 74
6 11	FARNEJAD - J.H LANKARANI	5608001	10 000 00		
6 11	WITHDRAWAL SFR 8000	5608001	4 671 53		544 843.27
13 11	REIMBT SERFID SFR 205	5608001	123 49		544 966.76
24 11	RETURN TRANSF. CONSULAR	5608001		2 400.00	542 566.76
26 11	REIMBT SERFID SFR 10195	5608001	6 216.46		548 783.22
28 11	REIMBT SERFID SFR 168	5608001	100 90		548 884.12

```
4203    ALBERT HAKIM                                                          86 12 10  PAGE      3
        LEDGER                    FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                DOC NO CONTRA                DEBIT         CREDIT       BALANCE

40201   BUSINESS EXPENSES                           (SUITE)

                                                               ---------------- --------------
      TRANSACT  & BALANCE                                     572 783 98     23 899 86     548 884 12
```

H 1094

```
4203     ALBERT HAKIM                                                        86 12 10  PAGE      1
         LEDGER                       FROM 01 01 84 TO 04 12 86

A/C.   NAME & DESCRIPTION               DOC.NO CONTRA                 DEBIT        CREDIT       BALANCE

640300    ****** TELEPHONE CHARGES               FRS

       TRANSACT. & BALANCE                                            0.00          0.00          0.00
```

1095

4203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
540301	****** TELEPHONE CHARGES	US$			
3 2	TELEPHONE CHARGES	5601001	9 96		9 96
86					
18 2	TEL CHARGES	5601001	100 00		109 96
13 5	CIE SERV. FID	5606001	500 00		609 96
18 7	CSF INV 1322/1324	*640201	1 165.90		1 775.86
	TRANSACT & BALANCE		1 775.86	0.00	1 775.86

1096 H

363

```
                                                                                86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                    FROM 01 01 84  TO 04 12 86

A/C.   NAME & DESCRIPTION               DOC.NO CONTRA               DEBIT        CREDIT       BALANCE

                                                   FRS
640400    ****** BANK CHARGES
  7   7 RANK CHARGES                      5610000                   50.00                      50.00
                                                           --------------- --------------
       TRANSACT. & BALANCE                                          50.00          0.00        50.00
```

H 1097

```
4203      ALBERT HAKIM                                                       86 12 10  PAGE       1
          LEDGER                  FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                 DOC NO CONTRA                  DEBIT        CREDIT      BALANCE

640401     ****** BANK CHARGES                    US$

28 12 BANK CHARGES                      5604001                        6.00                       6.00
85
16  1 BANK CHARGES                      5604001                        5.88                      11.88
22  1 BANK CHARGES                      5604001                        5.88                      17.76
18  2 AGIO                              5604001                       21.52                      39.28
20  2 AGIO                              5604001                      135.68                     174.96
25  2 AGIO                              5604001                       92.53
25  2 AGIO                              5604001                       10.00                     277.49
28  2 BANK CHARGES                      5604001                       11.52                     289.01
 6  3 BANK CHARGES                      5604001                        5.21                     294.22
 7  3 BANK CHARGES                      5604001                        1.74                     295.96
11  3 BANK CHARGES                      5604001                        5.21                     301.17
19  3 BANK CHARGES                      5604001                        5.21                     306.38
20  3 AGIO                              5604001                       88.80                     395.18
25  3 AGIO                              5604001                       15.00                     410.18
31  3 CLOSING ENTRIES                   5604001                      188.77                     598.95
 2  4 AGIO                              5604001                       25.00                     623.95
 3  4 BANK CHARGES                      5604001                       25.62
 3  4 BANK CHARGES                      5604001                        1.87
 3  4 BANK CHARGES                      5604001                      100.00
 3  4 AGIO                              5604001                       35.00                     786.44
 9  4 BANK CHARGES                      5604001                      100.00                     886.44
10  4 BANK CHARGES                      5604001                      210.93                   1 097.37
16  4 BANK CHARGES                      5604001                        5.62
16  4 BANK CHARGES                      5604001                       11.24
16  4 ADJ. BC                           5604001                       40.00                   1 154.23
18  4 BANK CHARGES                      5604001                       15.00
18  4 BANK CHARGES                      5604001                        5.62                   1 174.85
19  4 AGIO                              5604001                       75.00                   1 249.85
23  4 BANK CHARGES                      5604001                        1.87                   1 251.72
25  4 BANK CHARGES                      5604001                        5.62
25  4 BANK CHARGES                      5604001                       55.62
25  4 BANK CHARGES                      5604001                        2.71                   1 315.67
29  4 AGIO                              5604001                       35.00                   1 350.67
```

1098 H

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 2

H 1099

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
40401	BANK CHARGES	(SUITE)			
3 5	PMT SAFE SBS SFR 550 --	5604001	210 33		1 561 00
6 5	BANK CHARGES	5604001	5 77		
6 5	AGIO	5604001	40 00		1 606 77
7 5	BANK CHARGES	5604001	5 57		1 612.34
8 5	BANK CHARGES	5604001	5.77		1 618.11
9 5	BANK CHARGES	5604001	5 77		
9 5	BANK CHARGES	5604001	10 00		
9 5	ADJ. BC	5604001	5.77		1 639 65
17 5	BANK CHARGES	5604001	5 77		
17 5	ADJ. BC	5604001	20 00		1 665 42
21 5	BANK CHARGES	5604001	5 77		1 671 19
22 5	BANK CHARGES	5604001	17 97		1 689 16
30 5	BANK CHARGES	5604001	11.54		
30 5	BANK CHARGES	5604001	5 77		
30 5	BANK CHARGES	5604001	5 77		1 712 24
6 6	BANK CHARGES	5604001	3 08		1 715 32
7 6	BANK CHARGES	5604001	5 77		
7 6	BANK CHARGES	5604001	15 00		1 736 09
10 6	BANK CHARGES	5604001	11 54		1 747 63
17 6	BANK CHARGES	5604001	20 00		1 767.63
18 6	BANK CHARGES	5604001	11 54		
18 6	BANK CHARGES	5604001	5 77		
18 6	BANK CHARGES	5604001	95 00		1 879 94
20 6	BANK CHARGES	5604001	10 00		1 889 94
30 6	CLOSING ENTRIES	5604001	125 84		2 015 78
3 7	BANK CHARGES	5604001	5 91		
3 7	BANK CHARGES	5604001	20 00		2 041 69
5 7	BANK CHARGES	5604001	5 91		2 047 60
10 7	BANK CHARGES	5604001	25 91		2 073.51
11 7	BANK CHARGES	5604001	5 91		2 079 42
15 7	BANK CHARGES	5604001	5.91		2 085 33
16 7	BANK CHARGES	5604001	2 94		
16 7	BANK CHARGES	5604001	2 15		2 090 42
18 7	BANK CHARGES	5604001	85 11		2 175 53
19 7	BANK CHARGES	5604001	35.00		
19 7	TRANSFER TO SBS GVA	5604001	1 97		2 212 50

```
4203      ALBERT HAKIM
          LEDGER                       FROM 01 01 84 TO 04 12 86         -        86 12 10  PAGE      3

A/C   NAME & DESCRIPTION                  DOC NO CONTRA              DEBIT         CREDIT       BALANCE

640401    BANK CHARGES                          (SUITE)
 22  7 BANK CHARGES                    5604001                        5 91                      2 218 41
 23  7 BANK CHARGES                    5604001                        1 97                      2 220 38
 24  7 BANK CHARGES                    5604001                        1 97                      2 222 35
 16  8 BANK CHARGES                    5604001                       12 50                      2 234 85
 28  8 AGIO                            5600001                       60 00
 28  8 BANK CHARGES                    5600001                        6 55                      2 301 40
 29  8 BANK CHARGES                    5600001                        3 10                      2 304 50
 30  8 BANK CHARGES                    5600001                        6 55                      2 311 05
  3  9 AGIO                            5600001                       75 00                      2 386 05
 11  9 BANK CHARGES                    5600001                        6 64
 11  9 BANK CHARGES                    5600001                      290 00
 11  9 CO ON L/C                       5600001                    1 720 00
 11  9 BANK CHARGES                    5600001                        6 64                      4 409 33
 13  9 BANK CHARGES                    5600001                        2 92                      4 412 25
 17  9 AGIO                            5600001                       50 00                      4 462 25
 20  9 BANK CHARGES                    5600001                        2 96
 20  9 BANK CHARGES                    5600001                        6 64                      4 471 85
 23  9 BANK CHARGES                    5600001                        3 18
 23  9 BANK CHARGES                    5600001                      256 64
 23  9 BANK CHARGES                    5600001                       10 00                      4 741 67
 30  9 BANK CHARGES                    5600001                        6 64
 30  9 CLOSING ENTRIES                 5600001                       16 76
 30  9 CLOSING ENTRIES                 5604001                    1 659 70                      6 424 77
  1 10 BANK CHARGES                    5600001                        6 64
  1 10 BANK CHARGES                    5600001                        2 21
  1 10 BANK CHARGES                    5600001                        3 16
  1 10 BANK CHARGES                    5600001                        3 16                      6 439 94
  4 10 BANK CHARGES                    5600001                       13 82                      6 453 76
 15 10 BANK CHARGES                    5600001                       45 00
 15 10 BANK CHARGES                    5600001                        3 23                      6 501 99
 21 10 BANK CHARGES                    5600001                        6 91
 21 10 BANK CHARGES                    5600001                       13 82
 21 10 BANK CHARGES                    5600001                        6 91                      6 529 63
 23 10 AGIO                            5600001                       45 00                      6 574 63
 25 10 BANK CHARGES                    5600001                        3 26
 25 10 BANK CHARGES                    5605001                        5 42                      6 583 31
```

H 1100

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

1101 H

(SUITE)

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES				
28 10	BANK CHARGES	5600001	9.22		6 592.53
12 11	BANK CHARGES	5600001	3.27		
12 11	AGIO	5600001	35.00		6 630.80
14 11	BANK CHARGES	5600001	7.01		
14 11	BANK CHARGES	5600001	7.01		6 644.82
15 11	BANK CHARGES	5600001	7.01		
15 11	BANK CHARGES	5600001	1.87		
15 11	BANK CHARGES	5600001	1.87		
15 11	BANK CHARGES	5600001	30.37		6 685.94
18 11	BANK CHARGES	5600001	7.01		
18 11	BANK CHARGES	5600001	7.01		6 699.96
22 11	BANK CHARGES	5600001	7.01		
22 11	BANK CHARGES	5600001	1 152.01		7 858.98
29 11	BANK CHARGES	5600001	1.87		7 860.85
6 12	BANK CHARGES	5601001	7.21		7 868.06
10 12	BANK CHARGES	5601001	7.21		7 875.27
13 12	BANK CHARGES	5601001	5.00		7 880.27
18 12	AGIO	5600001	12.70		7 892.97
20 12	BANK CHARGES	5600001	7.21		7 900.18
31 12	CLOSING ENTRIES	5600001	379.17		
31 12	ADJ.	5600001	0.01		8 279.36
86					
7 1	BANK CHARGES	5601001	3.35		8 282.71
10 1	BANK CHARGES	5600001	31.95		8 314.66
22 1	BANK CHARGES	5600001	124.15		8 438.81
27 1	BANK CHARGES	5600001	2.39		8 441.20
30 1	BANK CHARGES	5601001	3.49		8 444.69
31 1	BANK CHARGES	5601001	23.92		8 468.61
3 2	BANK CHARGES	5601001	10.00		8 478.61
10 2	BANK CHARGES	5600001	2.50		8 481.11
11 2	BANK CHARGES	5600001	2.50		8 483.61
17 2	BANK CHARGES	5600001	5.17		
17 2	BANK CHARGES	5600001	25.00		
17 2	BANK CHARGES	5600001	25.00		
17 2	BANK CHARGES	5600001	7.50		
17 2	BANK CHARGES	5600001	7.50		

4203 ALBERT HAKIM 86 12 10 PAGE 5
LEDGER
FROM 01 01 84 TO 04 12 86

1102 H

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES	(SUITE)			
17 2	BANK CHARGES	5600001	15.00		8 568.78
18 2	BANK CHARGES	5601001	50.00		
18 2	BANK CHARGES	5600001	150.00		
18 2	BANK CHARGES	*5600001	125.00		8 893.78
20 2	BANK CHARGES	5601001	10.00		8 903.78
26 2	BANK CHARGES	5601001	7.50		
26 2	BANK CHARGES	5600001	7.50		8 918.78
27 2	BANK CHARGES	5601001	2.50		8 921.28
4 3	BANK CHARGES	5601001	15.00		8 936.28
5 3	BANK CHARGES	5602001	25.00		
5 3	BANK CHARGES	5600001	7.98		8 969.26
6 3	AGIOS	5606001	15 000.00		23 969.26
8 3	BANK CHARGES	5600001	2.66		23 971.92
17 3	BANK CHARGES	5602001	26.60		23 998.52
18 3	BANK CHARGES	5602001	420.00		
18 3	BANK CHARGES	5602001	750.00		
18 3	BANK CHARGES	5600001	15.96		25 184.48
21 3	BANK CHARGES	5602001	26.60		
21 3	BANK CHARGES	5602001	7.98		25 219.06
25 3	BANK CHARGES	5601001	3.64		
25 3	BANK CHARGES	5602001	10.64		25 233.34
27 3	DEBIT INTEREST	5606001	965.50		
27 3	DEBIT INTEREST	5602001	1 241.22		27 440.06
31 3	DEBIT INTEREST	5600001	171.96		27 612.02
3 4	BANK CHARGES ON CSF TRANSFER	5602001	6.10		
3 4	BANK CHARGES	5602001	7.81		
3 4	BANK CHARGES	5602001	100.00		
3 4	BANK CHARGES	5602001	7.81		27 733.74
7 4	BANK CHARGES	5602001	2.60		27 736.34
9 4	BANK CHARGES	5602001	5.11		27 741.45
10 4	BANK CHARGES	5602001	2.60		
10 4	BANK CHARGES VERST CASH GOLF	999901	1 250.00		
10 4	BANK CHARGES	5602001		0.01	
10 4	BANK CHARGES	5602001		0.01	28 994.03
14 4	BANK CHARGES	5602001	7.81		
14 4	BANK CHARGES	5602001	7.81		

369

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 06 12 86

1103

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
640401	BANK CHARGES	(SUITE)			
14 4	BANK CHARGES	5602001	7 81		29 617 46
17 4	BANK CHARGES	5606001	2 60		
17 4	BANK CHARGES	5606001	364 72		
17 4	BANK CHARGES	5606001	1 000 00		
17 4	BANK CHARGES	5602001	5 30		
17 4	BANK CHARGES	5508001	15 00		
17 4	BANK CHARGES	5509001	7 81		
17 4	BANK CHARGES	5609001	7 81		
17 4	BANK CHARGES	5609001	3 74		
17 4	BANK CHARGES	5606001	75 00		
17 4	BANK CHARGES	5606001	120 03		
17 4	BANK CHARGES	999901	1 000 00		
17 4	AGIOS	999901	3 225 00		34 844 67
18 4	BANK CHARGES	5606001	26 04		
18 4	BC REIMBT	5602001		10 64	
18 4	BANK CHARGES	5609001	95 00		34 954 87
21 4	BANK CHARGES	5609001	7 81		34 962 68
28 4	BANK CHARGES	5606001	2 60		
28 4	CIE SERV FID BANK CHARGES	5606001	39 00		
28 4	BANK CHARGES	5606001	7 81		
28 4	AGIOS	5606001	25 00		35 037 09
29 4	BANK CHARGES	5606001	3 89		35 040 98
30 4	BANK CHARGES	5606001	15 63		
30 4	BANK CHARGES	5606001	15 63		35 072 24
1 5	BANK CHARGES	5603001	8 13		
1 5	BANK CHARGES	5606001	200 00		
1 5	BANK CHARGES	5606001	8 38		35 288 75
2 5	BANK CHARGES	5606001	8 12		35 296 87
5 5	BANK CHARGES	5606001	8 38		
5 5	CIE SERV FID BANK CHARGES	5606001	200 00		35 505 25
7 5	BANK CHARGES	5603001	6 16		
7 5	BANK CHARGES	5603001	16 38		
7 5	BANK CHARGES	5606001	1 565 23		37 077 02
13 5	BANK CHARGES	5606001	15 00		37 092 02
15 5	BANK CHARGES	5608001	2 79		37 094 81
16 5	BANK CHARGES	5606001	8 38		

4203 ALBERT HAKIM
LEDGER

FROM 01 01 86 TO 04 12 86

H 1104

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
40401	BANK CHARGES	(SUITE)			
16 5	BANK CHARGES	5600001	562 00		
16 5	BANK CHARGES	700001		562 00	37 103 19
20 5	BANK CHARGES	5607001	2 79		
20 5	BANK CHARGES	5609001	8 38		
20 5	BANK CHARGES	5609001	27 93		
20 5	BANK CHARGES	5606001	8 18		37 150 67
21 5	BANK CHARGES	5603001	13 00		
21 5	BANK CHARGES	5506001	2 23		
21 5	BANK CHARGES	5608001	2 23		
21 5	BANK CHARGES	5606001	2 23		
21 5	BC RE TR TO ALBON	5602001	900.00		38 070 36
22 5	CSF COMMISSION	5708001	155 50		38 225 86
23 5	BANK CHARGES	5603001	3 73		
23 5	BANK CHARGES	5608001	2 79		
23 5	BANK CHARGES	5603001	8 38		
23 5	BANK CHARGES	5608001	8 38		
23 5	BANK CHARGES	5608001	2 79		38 251 93
27 5	BANK CHARGES	5607001	25 00		
27 5	BANK CHARGES	5608001	16 50		38 293 43
28 5	BANK CHARGES	5608001	8 38		
28 5	BANK CHARGES	5608001	2 23		38 304 04
4 6	BANK CHARGES	5206001	16 04		
4 6	BANK CHARGES	5606001	16 04		
4 6	BANK CHARGES	5606001	3 76		38 339 88
5 6	BANK CHARGES	5603001	8 02		38 347.90
6 6	CIE SERV. FID FRAIS	5608001	112.00		
6 6	BANK CHARGES	5603001	1 85		38 463 75
7 6	BANK CHARGES	5506001	8 40		38 472.15
13 6	BANK CHARGES	5603001	8.24		38 480.39
16 6	BANK CHARGES	5607001	3 88		38 484 27
18 6	COMMISSION	5608001	5 500 00		
18 6	BANK CHARGES	5506001	8 02		
18 6	BANK CHARGES	5606001	8 02		
18 6	BANK CHARGES	5608001	8 02		44 008 33
20 6	BANK CHARGES	5607001	2 67		
20 6	BANK CHARGES	5606001	8 02		44 019 02

```
4203     ALBERT HAKIM                                                     86 12 10  PAGE     8
         LEDGER                      FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION               DOC NO CONTRA                  DEBIT      CREDIT     BALANCE

                                              (SUITE)
610401    BANK CHARGES                                                  2 67                44 021 69
      6 BANK CHARGES                   5609001                          8 02                44 029 71
      6 BANK CHARGES                   5603001                          8 02
      6 BANK CHARGES                   5607001                          8 02                44 045 75
  27  6 BANK CHARGES                   5609001                          8 02
  30  6 BANK CHARGES                   5609001                          8 02
  30  6 BANK CHARGES                   5603001                          3 93
  30  6 BANK CHARGES                   5608001                        489 29
  30  6 CLOSING ENTRIES                5603001                      1 375 40
  30  6 CLOSING ENTRIES                5606001                          9 78
  30  6 CLOSING ENTRIES                5607001                      2 230 61
  30  6 CLOSING ENTRIES                5608001                     15 221 81
  30  6 CLOSING ENTRIES                5602001                          6 91                63 399 52
  30  6 BANK CHARGES                   5606001                          5 67
   1  7 BANK CHARGES                   5603001                          7 67                63 407 86
   1  7 BANK CHARGES                   5607001                         27 32
   2  7 BANK CHARGES                   5608001                         27 32                63 462 50
   2  7 BANK CHARGES                   5608001                          8 20                63 470 70
   3  7 BANK CHARGES                   5607001                          8 20
   7  7 BANK CHARGES                   5608001                          8 20
   7  7 BANK CHARGES                   5602001                          8 20
   7  7 BANK CHARGES                   5609001                          8 20
   7  7 BANK CHARGES                   5609001                         94 55
   7  7 CLOSING ENTRIES                5609001                          5 76                63 601 91
   8  7 BANK CHARGES                   5603001                          8 20                63 612 11
   8  7 BANK CHARGES                   5603001                          8 20                63 620 31
   9  7 BANK CHARGES                   5603001                         16 39
  14  7 BANK CHARGES                   5603001                         25 00
  14  7 BANK CHARGES                   5608001                         25 00                63 686 70
  14  7 BANK CHARGES                   5608001                          2 13
  16  7 BANK CHARGES                   5608001                          8 20
  16  7 BANK CHARGES                   5603001                          5 78                63 701 41
  16  7 BANK CHARGES                   5608001                         11 56
  18  7 BANK CHARGES                   5608001                      1 149 94                64 864 91
  18  7 BANK CHARGES                   5608001                          5 88                64 870 79
  22  7 BANK CHARGES                   5606001                          8 20                64 878 99
  23  7 BANK CHARGES                   5603001
```

H 1105

372

1106 N

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
648401	BANK CHARGES	(SUITE)			
24 7	BANK CHARGES	5606001	2 96		
24 7	BANK CHARGES	5606001	8 20		
24 7	BANK CHARGES	5606001	8 20		64 898 33
25 7	BANK CHARGES	5603001	5 75		
25 7	BANK CHARGES	5609001	5 46		64 909 54
28 7	BANK CHARGES	5603001	8 20		
28 7	BANK CHARGES	5608001	2 73		64 920 47
30 7	BANK CHARGES	5609001	2 19		
30 7	BANK CHARGES	5609001	27 32		
30 7	BANK CHARGES	5609001	8 20		64 958 18
31 7	BANK CHARGES	5603001	8 20		
31 7	BANK CHARGES	5609001	200 00		65 166 38
1 8	BANK CHARGES	5609001	8 20		65 174 58
5 8	BANK CHARGES	5609001	2 98		65 177 56
20 8	CSF - DAVCO ASSOCIATES - BC	5606PS1	15 00		
20 8	BANK CHARGES	5606001	25 00		65 217 56
21 8	BANK CHARGES	5606001	8 93		
21 8	BANK CHARGES	5603001	8 93		65 235 42
22 8	CSF CHARGES	5609001	15 00		
22 8	BANK CHARGES	5609001	8 93		
22 8	BANK CHARGES	5609001	8 93		
22 8	BANK CHARGES	5603001	5 95		
22 8	BANK CHARGES	5607001	5 95		65 280 18
25 8	BANK CHARGES	5607001	8 93		
25 8	BANK CHARGES	5603001	8 93		
25 8	BANK CHARGES	5607001	17 86		
25 8	BANK CHARGES	5607001	17 86		65 333 76
26 8	BANK CHARGES	5607001	46 70		65 380 46
27 8	BANK CHARGES	5607001	2 98		65 383 44
28 8	BANK CHARGES	5603001	2 38		65 385 82
1 9	BANK CHARGES	5607001	3 03		65 388 85
3 9	BANK CHARGES	5607001	41 09		
3 9	BANK CHARGES	5607001	6 15		65 436 09
5 9	BANK CHARGES	5607001	6 13		
5 9	BANK CHARGES	5607001	2 42		65 444 64
9 9	BANK CHARGES	5607001	18 18		

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 06 12 86

1107 H

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
		(SUITE)			
640401	BANK CHARGES				
9 9	BANK CHARGES	5607001	18 18		65 481 00
11 9	BANK CHARGES	5607001	9 09		65 490 09
12 9	BANK CHARGES	5607001	5 93		
12 9	BANK CHARGES - SERFID	5607001	50 00		
12 9	BANK CHARGES	5607001	9 09		65 555 11
17 9	BANK CHARGES	5607001	9 09		65 564 20
18 9	BANK CHARGES	5607001	10 00		65 574 20
23 9	BANK CHARGES	5609001	35 00		65 609 20
24 9	BANK CHARGES	5606001	25 00		
24 9	BANK CHARGES	5608001	6 09		
24 9	BANK CHARGES	5603001	6 12		65 646 41
25 9	BANK CHARGES	5607001	9 09		
25 9	BANK CHARGES	5608001	6 09		65 661 59
26 9	BANK CHARGES	5600001	9 09		
26 9	BANK CHARGES	5603001	9 09		
26 9	BANK CHARGES	5609001	30 30		
26 9	BANK CHARGES	5609001	9 09		65 719 16
27 9	BANK CHARGES	5603001	9 09		65 728 25
29 9	BANK CHARGES	5608001	3 03		65 731 28
30 9	BANK CHARGES TRIM	5606001	215 74		
30 9	BANK CHARGES TRIM	5609001	153 72		
30 9	BANK CHARGES TRIM	5608001	692 25		66 792 99
2 10	BANK CHARGES	5608001	6 13		66 799 12
3 10	REIMBURSEMENT CIE SERV FID BK CH	5608001	100 00		66 899 12
6 10	BANK CHARGES	5608001	8 18		
6 10	BANK CHARGES	5608001	8 18		
6 10	BANK CHARGES	5608001	9 09		
6 10	BANK CHARGES COMPLT	5603001	10 00		
6 10	BANK CHARGES COMPLT	5606001	10 00		66 944 57
8 10	BANK CHARGES	5608001	9 09		66 953 66
14 10	BANK CHARGES	5608001	9 09		
14 10	REIMBURSEMENT CSF	5608001		10 00	66 952 75
15 10	BANK CHARGES	5608001	30 00		
15 10	BANK CHARGES	5603001	9 09		66 991 84
17 10	BANK CHARGES	*5609001	88 00		
17 10	BANK CHARGES	5609001	14 25		67 094 09

4203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 06 12 86
86 12 10 PAGE 11

11108

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
540401	BANK CHARGES	(SUITE)			
20 10	BANK CHARGES	5608001	3.03		67 097.12
22 10	BANK CHARGES	5608001	50.00		
22 10	BANK CHARGES	5608001	6.18		67 153.30
23 10	CANCELL. REIMBT CAHS BANK CHARGES	640201		13.00	67 140.30
24 10	BANK CHARGES	5603001	6.04		67 146.34
27 10	BANK CHARGES	5608001	200.00		
27 10	BANK CHARGES	5603001	2.42		67 348.76
28 10	BANK CHARGES	5608001	3.03		
28 10	BANK CHARGES	5608001	30.00		67 381.79
29 10	BANK CHARGES	5608001	3.03		
29 10	BANK CHARGES	5608001	66.93		67 451.75
3 11	BANK CHARGES	5608001	50.00		
3 11	BANK CHARGES	5608001	5.87		67 507.62
5 11	BANK CHARGES	5608001	30.12		
5 11	BANK CHARGES	5608001	30.12		
5 11	BANK CHARGES	5608001	50.00		67 617.86
6 11	BANK CHARGES	5608001	9.04		67 626.90
14 11	BANK CHARGES	5609001	21.57		67 648.47
18 11	BANK CHARGES	5608001	15.00		
18 11	BANK CHARGES	5606001	20.00		67 683.47
25 11	BC	5608001	5.95		
25 11	BANK CHARGES	5608001	3.01		
25 11	BANK CHARGES	5608001	50.00		
25 11	BANK CHARGES	5601001	6.02		67 748.45
28 11	BANK CHARGES	5608001	9.04		
28 11	BANK CHARGES	5603001	9.04		67 766.53
4 12	BANK CHARGES	5608001	9.15		67 775.68
	TRANSACT & BALANCE		8 371.34	595.66	67 775.68

H 1109

```
4203     ALBERT HAKIM                                                                   86 12 10  PAGE      1
         LEDGER                          FROM 01 01 84 TO 06 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                    DEBIT         CREDIT      BALANCE

640403     ****** BANK CHARGES                         D M

 20  5 CSF INV  COM  DM 5806 25          890103      2 645 40+        5 806 25
 86
 20  5 BANK CHARGES                      5603003                        18 02                      5 824 27
 30  6 CLOSING ENTRIES                   5603003                        55 34                      5 879 61
                                                                   -------- ----------------
      TRANSACT  & BALANCE                            2 645 40+        5 879 61         0 00      5 879 61
```

```
4203    ALBERT HAKIM                                                          86 12 10  PAGE     1
        LEDGER                       FROM 01 01 86 TO 06 12 86

A/C    NAME & DESCRIPTION               DOC NO CONTRA                   DEBIT        CREDIT       BALANCE

640500    ****** MANAGEMENT FEES                 FRS
       TRANSACT  & BALANCE                                              0.00         0.00          0.00
```

H 1110

```
                                                                              86 12 10  PAGE      1
4203    ALBERT HAKIM                  FROM 01 01 84 TO 04 12 86
        LEDGER                                                           DEBIT        CREDIT      BALANCE
A/C   NAME & DESCRIPTION                DOC NO CONTRA

                                                  US$
640501    ###### MANAGEMENT FEES
 B  1 MANAGEMENT FEES 4TH QTR 85              5601001                   882 45                     882 45
                                                                        ------- ------------
     TRANSACT  & BALANCE                                                882 45         0 00        882 45
```

```
4203     ALBERT HAKIM                                                    86 12 10  PAGE      1
         LEDGER                  FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                DOC NO CONTRA                   DEBIT        CREDIT       BALANCE

650000    ****** TAXES                         FRS

  3 10 ADMINISTRATION FISCALE CANTONALE     5610000                     128 20                     128.20
                                                               ---------------------------
      TRANSACT. & BALANCE                                               128 20          0.00       128.20
```

#11112

```
                                                                           86 12 10  PAGE      1
4203     ALBERT HAKIM
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                    DOC NO CONTRA                DEBIT        CREDIT      BALANCE

650001    ****** TAXES                                US$
         TRANSACT  & BALANCE                                              0 00          0 00          0 00
```

```
4203     ALBERT HAKIM                                                                   86 12 10  PAGE      1
         LEDGER                        FROM 01 01 84 TO 86 12 86

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                     DEBIT        CREDIT      BALANCE
```

H 1114

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

1115

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
7	●●●●●● INCOME	US$			
700001	●●●●●● MONEY RECEIVED UNIDENTIFY #	US$			
21 12	TR FROM BANCAMERICA INT	5604001		425 000 00	425 000 00-
85					
7 1	TRANSFER FROM AMERICAN EXPRESS	5604001		96 450 00	521 450 00-
16 1	TR FROM AMERICAN EXPRESS	5604001		337 000 00	858 450 00-
17 1	TRANSFER FROM SBS ZURICH	5604001		326 543 50	1 184 993 50-
29 1	TRANSFER FROM AMERICAN EXPRESS	5604001		138 000 00	1 322 993 50-
5 3	TR FROM BARCLAYS BANK MIAMI	5604001		1 199 923 54	2 522 917 04-
14 3	TR FROM BARCLAYS BANK, MIAMI	5604001		499 909 89	3 022 826 93-
29 3	TR FRM BARCLAYS BANK, GENEVA	5604001		2 999 922 03	6 022 748 96-
10 4	TR FROM BARCLAYS BANK MIAMI	5604001		1 999 903 77	8 022 652 73-
23 4	TR FROM BARCLAYS BANK	5604001		1 199 906 12	9 222 558 85-
2 5	TR FROM BARCLAYS BANK	5604001		246 402 29	9 468 961 14-
21 5	TR FROM BARCLAYS BANK	5604001		80 201 32	9 549 162 46-
31 5	TR FROM BARCLAYS BANK	5604001		299 848 06	9 849 010 52-
5 7	TR FRM BARCLAYS BANK	5604001		549 918 65	10 398 929 17-
21 8	TR FROM JOSEPH COORS	5600001		65 000 00	10 463 929 17-
5 9	CM IBC	5600001		130 000 00	10 593 929 17-
20 9	CHQ UNPAID IBC	5600001	130 000 00		10 463 929 17-
23 9	CM IBC	5600001		129 935 86	10 593 865 03-
4 11	TR FROM BARCLAYS BANK	5600001		149 915 53	10 743 780 56-
20 11	TRANSFER	5600001		1 000 000 00	11 743 780 56-
17 12	TRANSFER	5600001		299 903 08	12 043 683 64-
86					
10 1	RECEIVED FRM NATL BK WASH	5600001		60 000 00	12 103 683 64-
22 1	FROM BARCLAYS BANK	5600001		360 000 00	12 463 683 64-
7 2	NEW FUNDS BCCI- MONTE CARLO	5600001		2 500 000 00	14 963 683 64-
10 2	FROM BCCI-CHASE	5600001		2 500 000 00	17 463 683 64-
18 2	CHECK BCCI	5600001		5 000 000 00	22 463 683 64-
15 5	DISCOUNT BK & TRUST	5600001		225 000 00	22 688 683 64-
16 5	DISCOUNT BK & TRUST	5600001		1 460 000 00	
16 5	TRANSFER	5600001	224 438 00		

```
4203     ALBERT HAKIM                                                                86 12 10  PAGE      3
         LEDGER                   FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION               DOC NO CONTRA                        DEBIT        CREDIT       BALANCE

700001   MONEY RECEIVED UNIDENTIFY               (SUITE)
 16  5 BANK CHARGES                       640401                            562 00                 23 923 683 64-
 24  9 CASH DEPOSIT                       5608001                                  1 200 000 00   25 123 683 64-
 29 10 CHECK DEUTSCHE BK FRANCKF          5608001                                  3 600 000 00   28 723 683 64-
                                                                   ------------------------------
      TRANSACT  & BALANCE                                         355 000 00 29 078 683 64   28 723 683 64-
```

1116

```
                                                                                    86 12 10  PAGE      1
4203     ALBERT HAKIM                    FROM 01 01 84 TO 04 12 86
         LEDGER                                                                DEBIT       CREDIT      BALANCE
                                            DOC NO CONTRA
A/C   NAME & DESCRIPTION

                                                      US$
700201    [redacted] U B S  FRIBOURG                                                500 000 00   500 000 00-
                                                5600001
 24  7 TRANSFER FROM AUDIFI                                                         500 000 00   1 000 000 00-
 85                                             5600001                             392 000 00   1 392 000 00-
 26  7 TRANSFER FROM AUDIFI                     5600001
  5  8 TRANSFER FROM AUDIFI
                                                                           -------- ------------
                                                                           0 00   1 392 000 00   1 392 000 00-
         TRANSACT  & BALANCE
```

```
4203     ALBERT HAKIM                                                                86 12 10  PAGE      1
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C    NAME & DESCRIPTION                 DOC NO CONTRA               DEBIT      CREDIT       BALANCE

700301      ****** ALBERT HAKIM                        US$
  3  9 CASH RECEIVED                      5600001                                2 400 00     2 400 00-
                                                               -------------------------
       TRANSACT  & BALANCE                                              0 00     2 400 00     2 400 00-
```

1118

4

```
4203     ALBERT HAKIM                                                          86 12 10  PAGE      1
         LEDGER                    FROM 01 01 84 TO 06 12 86

A/C   NAME & DESCRIPTION             DOC NO CONTRA              DEBIT        CREDIT       BALANCE

700401     ****** SAM LOEW                   US$

 20  9 TR FROM SAM LOEW               5600001                            1 000 000.00  1 000 000.00-
 86                                                                      1 000 000.00  2 000 000.00
 18  2 SAM LOEWE                      5600001
                                                                 --- --- --- ---------------
       TRANSACT. & BALANCE                                         0.00  2 000 000.00  2 000 000.00-
```

```
4203    ALBERT HAKIM                                                             86 12 10  PAGE      1
        LEDGER                        FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                   DEBIT       CREDIT      BALANCE

700501    ****** I C  INC.                        US$

11 10 TR FROM IC INC                      5600001                                   99 947 68    99 947 68-
85
18 11 TR FROM IC INC                      5600001                                   47 973 65   147 921 33-
86
15  4 IC INC                              5600001                                  649 852 63   797 773 96-
                                                                        ------------------------
      TRANSACT. & BALANCE                                                  0 00    797 773 96   797 773 96-
```

```
4203     ALBERT HAKIM                                                          86 12 10  PAGE      1
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                  DEBIT        CREDIT       BALANCE

700601     ****** SBS PANAMA                        US$

 18  7 TR FRM SBS GENEVA               5604001                                   950 000.00    950 000.00-
                                                                  -------------  -------------
      TRANSACT  & BALANCE                                               0.00     950 000.00    950 000.00-
```

```
4203     ALBERT HAKIM                      FROM 01 01 84 TO 04 12 86                      86 12 10  PAGE     1
         LEDGER

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                  DEBIT          CREDIT         BALANCE

700701    ****** TRIVERT INT'L                        US$

 14   5 TRIVERT INT.                         5600001                              10 000 000 00  10 000 000.00-
                                                                 ---------------------------
      TRANSACT  & BALANCE                                               0 00 10 000 000 00  10 000 000 00-
```

```
4203     ALBERT HAKIM                                                                86 12 10  PAGE      1
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C  NAME & DESCRIPTION                   DOC NO CONTRA                DEBIT         CREDIT       BALANCE

700801    ****** GARNET OVERSEAS                    US$

 16  5 GARNET OVERSEAS                   5600001                                 5 000 000.00  5 000 000 00-
                                                                    -------------- --------------
     TRANSACT  & BALANCE                                                  0 00  5 000 000 00  5 000 000 00-
```

H 1123

```
4203     ALBERT HAKIM                                                                  86 12 10  PAGE      1
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA     I            DEBIT        CREDIT       BALANCE

*70001    ****** INT  EARNED WITH LAKE RESOURCES     US$

23  2 INTEREST                                  5604001                                1 429.00      1 429.00-
85
26  8 INTEREST                                  5600001                                5 920.13      7 349.13-
 6  9 INTEREST                                  5600001                                2 368.34      9 717.47-
 1 10 INTEREST                                  5600001                                  802.09     10 519.56-
 2 10 INTEREST                                  5600001                                   85.94
 2 10 INTEREST                                  5600001                                  830.73     11 436.23-
 7 10 INTEREST                                  5600001                                2 489.47     13 925.70-
 7 11 INTEREST                                  5600001                                2 497.22
 7 11 INTEREST                                  5600001                                5 087.50     21 510.42-
18 11 INTEREST                                  5600001                                1 134.38     22 644.80-
 6 12 INTEREST                                  5600001                                2 920.14     25 564.94-
86
21  2 INTEREST                                  5600601                                  993.06     26 558.00-
                                                                                  -----------------
      TRANSACT  & BALANCE                                                   0.00      26 558.00     26 558.00-
```

H 1124

391

```
4203     ALBERT HAKIM                                                          86 12 10  PAGE      1
         LEDGER                         FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA              DEBIT        CREDIT       BALANCE

770101    ****** INT  EARNED WITH CSF INVESTMENTS    US$

  6  1 INTEREST                                5601001                          2 415.42      2 415.42-
 86
 22  1 INTEREST                                5601001                          9 145.90     11 561.32-
 31  1 INTEREST                                5601001                            292.91     11 854.23-
  6  2 INTEREST                                5601001                          2 358.86     14 213.09-
  7  2 INTEREST                                5601001                            346.35     14 559.44-
 11  2 INTEREST                                5601001                            168.06     14 727.50-
 18  2 INTEREST                                5601001                          1 096.18     15 823.68-
 19  2 INTEREST                                5601001                            103.12     15 926.80-
 25  2 INTEREST                                5601001                            541.46
 25  2 ADJ  INT                                5601001                             20.00     16 488.26-
  6  3 INTEREST                                5601001                          2 128.50     18 616.76-
                                                                   ------------------------
       TRANSACT  & BALANCE                                            0.00     18 616.76     18 616.76-
```

H 1125

```
                                                                                   86 12 10  PAGE      1
4203    ALBERT HAKIM
        LEDGER                           FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                       DOC NO CONTRA               DEBIT      CREDIT      BALANCE

770201    ****** INT  EARNED WITH GULF MARKETING      US$
                                                                                    1 006.95     1 006 95-
 19  2 INTEREST                                  5602001
 86                                                                                 7 380 90     8 387 85-
 26  2 INTEREST                                  5602001                            7 262 08    15 649 93-
  5  3 INTEREST                                  5602001                           21 879 17    37 529 10-
 21  5 INTEREST                                  5602001
                                                                                 ---- ------
                                                                          0 00     37 529 10    37 529 10-
       TRANSACT  & BALANCE
```

H 1126

```
                                                                        86 12 10  PAGE      1
4203     ALBERT HAKIM                        FROM 01 01 84 TO 04 12 86
         LEDGER                                                           DEBIT       CREDIT      BALANCE
A/C   NAME & DESCRIPTION                      DOC NO CONTRA

770301     ****** INT  EARNED WITH DOLMY BUSINESS    US$                 0 00         0 00          0.00
         TRANSACT  & BALANCE
```

H 1127

394

```
4203      ALBERT HAKIM                                                                   86 12 10  PAGE       1
          LEDGER                        FROM 01 01 84 TO 04 12 86

A/C     NAME & DESCRIPTION                    DOC NO CONTRA                  DEBIT         CREDIT        BALANCE

770401      ****** INT. EARNED WITH ENERGY RESOURCES   US$

 23   2 ADJ. INT                                  5604001                                   0.59          0.59-
 85
 26   3 INTEREST                                  5604001                               3 457.35      3 457.94-
 25   4 INTEREST                                  5604001                              18 869.09     22 327.03-
 13   5 INTEREST                                  5604001                              11 589.59     33 916.62-
 15   5 INTEREST                                  5604001                                 676.05     34 592.67-
 22   5 INTEREST                                  5604001                               2 099.83     36 692.50-
 29   5 INTEREST                                  5604001                               1 830.73     38 523.23-
  5   6 ON CALL                                   5604001                               1 805.55     40 328.78-
 12   6 INTEREST                                  5604001                               2 109.73     42 438.51-
 19   6 INTEREST                                  5604001                               2 109.73     44 548.24-
 26   6 INTEREST                                  5604001                               1 916.67     46 464.91-
  3   7 INTEREST                                  5604001                               2 062.50     48 527.41-
 10   7 INTEREST                                  5604001                               2 078.13     50 605.54-
 17   7 INTEREST                                  5604001                               2 473.96     53 079.50-
 24   7 INTEREST                                  5604001                               2 196.87     55 276.37-
  1   7 INTEREST                                  5604001                               1 175.83     56 452.20-
      8 INTEREST                                  5604001                                 591.07     57 043.27-
      8 INTEREST                                  5604001                                 357.71     57 400.98
 21   8 INTEREST                                  5604001                                 353.28     57 754.26-
 28   8 INTEREST                                  5604001                                 353.28     58 107.54-
  4   9 INTEREST                                  5604001                                 353.28     58 460.82-
 11   9 INTEREST                                  5604001                                 362.14     58 822.96-
 17   9 INTEREST                                  5604001                                 313.44     59 136.40

        TRANSACT  & BALANCE                                                   0.00     59 136.40     59 136.40
```

H 1128

395

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 86 TO 04 12 86

1129 H

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
770601	****** INT. EARNED WITH ALBON VALUES	US$			
13 3 86	INTEREST	5606001		4 583.34	4 583 34-
16 4	INTEREST	5606001		18 770.83	23 354.17-
17 4	INTEREST	5606001		500.00	23 854.17-
22 4	INTEREST	5606001		1 900.00	25 754.17-
28 4	INTEREST	5606001		2 005.00	27 759.17-
6 5	INTEREST	5606001		2 373.33	30 132.50-
7 5	INTEREST	5606001		266.67	30 399.17-
12 5	INTEREST	5606001		1 250.00	31 649.17-
15 5	INTEREST	5606001		600.00	32 249.17-
21 5	INTEREST	5606001		988.33	33 237.50-
22 5	INTEREST	5606001		55.00	33 292.50-
28 5	INTEREST	5606001		280.00	33 572.50-
4 6	INTEREST	5606001		291.66	33 864.16-
18 7	INTEREST	5606001		520.83	
18 7	INTEREST	5606001		495.13	34 880.12-
[illegible] 7	INTEREST	5606001		253.13	35 133.25-
23 7	INTEREST	5606001		65.63	35 198.88-
24 7	INTEREST	5606001		90.00	
24 7	INTEREST	5606001		50.00	35 338.88-
	TRANSACT. & BALANCE		0.00	35 338.88	35 338.88-

396

```
4203      ALBERT HAKIM                                                              86 12 10  PAGE      1
          LEDGER                      FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                  DOC NO CONTRA                  DEBIT        CREDIT       BALANCE

770701     ****** INT  EARNED WITH TOYCO SA           US$

 30  6 INTEREST                                5607001                              5 784 72      5 784 72-
 86
 31  7 INTEREST                                5607001                              7 465 46     13 250.18-
 25  8 INTEREST                                5607001                              5 379.17     18 629 35-
                                                                  - - -  - -------------
      TRANSACT  & BALANCE                                                 0 00     18 629.35     18 629 35-
```

H 1130

```
4203      ALBERT HAKIM                                                              86 12 10  PAGE      1
          LEDGER                        FROM 01 01 86 TO 06 12 86

A/C   NAME & DESCRIPTION                      DOC NO CONTRA                     DEBIT        CREDIT       BALANCE

770801     ****** INT  EARNED WITH HYDE PARK            US$

 22   5 INTEREST                                    5608001                            5 566.68      5 566.68-
 86
 23   5 INTEREST                                    5608001                              900.00      6 466.68-
 28   5 INTEREST                                    5608001                            8 641.67     15 108.35-
 29   5 INTEREST                                    5608001                            1 341.66     16 450.01-
  4   6 INTEREST                                    5608001                            7 991.66     24 441.67-
  6   6 INTEREST                                    5608001                            2 633.34     27 075.01-
 18   6 INTEREST                                    5608001                           15 600.00     42 675.01-
 24   6 INTEREST                                    5608001                            2 000.00     44 675.01-
 27   6 INTEREST                                    5608001                              975.00     45 650.01-
  2   7 INTEREST                                    5608001                            1 583.34     47 233.35-
  7   7 INTEREST                                    5608001                            1 541.67     48 775.02-
 14   7 INTEREST                                    5608001                            2 065.00     50 840.02-
 15   7 INTEREST                                    5608001                              283.33     51 123.35-
 22   7 INTEREST                                    5608001                              271.67
 22   7 INTEREST                                    5608001                              397.22     51 792.24-
 24   7 INTEREST                                    5608001                              250.00     52 042.24-
  3  10 INT  ON CALL                                5608001                              422.91     52 465.15-
 10  10 INTEREST ON CALL                            5608001                              765.62     53 230.77-
  7  10 INTEREST                                    5608001                              548.09 •   53 778.86-
 29  10 INTEREST ON CALL                            5608001                              405.72
 29  10 INTEREST                                    5608001                              213.55     54 398.13-
 30  11 INTEREST                                    5608001                            5 466.70     59 864.83-

                                                                   ---          ---- ------------
      TRANSACT  & BALANCE                                                    0.00     59 864.83     59 864.83-
```

H 1131

```
4233     ALBERT HAKIM                                                              86 12 10  PAGE      1
         LEDGER                   FROM 01 01 86 TO 06 12 86

A/C   NAME & DESCRIPTION              DOC NO CONTRA                    DEBIT        CREDIT       BALANCE

770901    ****** INT  EARNED WITH UDALL RESEARCH     US$

 23  5 INTEREST                            5609001                                 500.00        500.00-
 86
 31  5 INTEREST                            5609001                                 603.99      1 103.99-
 30  6 INTEREST                            5609001                               1 786.46      2 890.45-
 31  7 INTEREST                            5609001                               1 804.69      4 695.14-
  4  8 INTEREST                            5609001                                 219.97      4 915.11-
                                                                   --- ---------- -------------
       TRANSACT  & BALANCE                                                  0.00     4 915.11      4 915.11-
```

H 1132

```
                                                                          86 12 10  PAGE      1
4203    ALBERT HAKIM                     FROM 01 01 84 TO 04 12 86
        LEDGER                                                    DEBIT      CREDIT     BALANCE
A/C.  NAME & DESCRIPTION                    DOC NO CONTRA
```

H 1133

```
4203     ALBERT HAKIM                        FROM 01 01 84 TO 04 12 86                   86 12 10  PAGE     2
         LEDGER
A/C.  NAME & DESCRIPTION                      DOC NO CONTRA                       DEBIT        CREDIT       BALANCE

6          ****** FOREX                                  US$

890001     ****** EQUIVALENT SFR / US$                   US$
 28  5 CASH SFR 50000 -                      5608001    50 000.00+    26 525.20                  26 525.20
                                                                    ---------------------------
        TRANSACT  & BALANCE                             50 000.00+    26 525.20        0.00      26 525.20
```

H 1134

```
4203     ALBERT HAKIM                                                                      86 12 10  PAGE     1
         LEDGER                      FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                 DOC NO CONTRA                          DEBIT        CREDIT       BALANCE

90100    ****** FOREX POSITION SFR                  FRS

28  5 DEPOSIT                                 5610000     26 525 20-                        50 000.00     50 000.00-
                                                                          ----- -------- -- ----------
      TRANSACT. & BALANCE                                 26 525 20-          0.00          50 000.00     50 000.00-
```

H 1135

```
4203     ALBERT HAKIM                                                          86 12 10  PAGE      1
         LEDGER                    FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION            DOC NO CONTRA                  DEBIT        CREDIT       BALANCE

 20103    ****** FOREX POSITION DM          D.M

20  5 CSF INV. COM. DM 5806.25        640403      2 645.40-                    5 806.25      5 806.25-
86
21  5 CHANGE $ DM FFR CSF INV.        5603003    50 259.50-                  110 318.75    116 125.00-
 4  7 CLOSING DM ACCT                 5603003        33.88-                       73.36    116 198.36-
                                                             ------------- -------------
      TRANSACT. & BALANCE                        52 938.78-          0.00   116 198.36    116 198.36-
```

H 1136

```
                                                                                86 12 10  PAGE      1
4203      ALBERT HAKIM
          LEDGER                          FROM 01 01 84 TO 06 12 86
                                                                      DEBIT        CREDIT       BALANCE
A/C   NAME & DESCRIPTION                   DOC NO CONTRA

.90301     ****** EQUIVALENT DM / US$                US$

20  5 CSF INV  116125DM+5806.25 AT 2 19      5603001   116 125.00+   52 904 90                 52 904 90
86                                                                                              52 938.78
 4  7 CLOSING DM ACCT                        5603001       73 36+       33 88
                                                                  -------------- --------------
                                                       116 198.36+   52 938 78          0.00   52 938.78
      TRANSACT. & BALANCE
```

H 1137

4203 ALBERT HAKIM
LEDGER
FROM 01 01 84 TO 04 12 86
86 12 10 PAGE 1

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

H 1138

```
4203     ALBERT HAKIM                                                                   86 12 10  PAGE      2
         LEDGER                         FROM 01 01 84 TO 04 12 86

A/C.   NAME & DESCRIPTION                  DOC NO CONTRA                    DEBIT          CREDIT        BALANCE

9            ****** TRANSIT ACCOUNTS                    US$

999900       ****** TRANSIT ACCOUNTS                    FRS
         TRANSACT  & BALANCE                                                 0 00           0.00           0 00
```

H 1139

4203 ALBERT HAKIM 86 12 10 PAGE 1
LEDGER FROM 01 01 86 TO 06 12 86

H 1140

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
999901	****** TRANSIT ACCOUNTS	US$			
18 2	CASH WITHDRAWAL	4999001		5 000.00	5 000.00-
20 2	CASH WITHDRAWAL	4999001		22 000.00	27 000.00-
25 2	CASH WITHDRAWAL	5604001	15 000 00		12 000.00-
16 4	TR TO LEE YUN	4999001		3 000.00	15 000.00-
24 4	CHQ K. PHILLIPS	4999001		5 000.00	20 000.00-
10 6	TR TO BK OF KOREA	4999001		5 000.00	25 000.00-
14 11	TR TO SCITECH	4999001		67 340.00	92 340.00-
85					
7 2	TR TO KOREL	4999001		165 000.00	257 340.00-
20 2	CASH WITHDRAWAL	4999001		20 000.00	277 340.00-
20 3	CASH WITHDRAWAL	4999001		3 000.00	280 340.00-
25 3	CASH WITHDRAWAL	4999001		3 000.00	
25 3	TR TO KHALID RASHID	4999001		31 817.00	315 157.00-
2 4	CASH WITHDRAWAL	4999001		5 000.00	320 157.00-
3 4	TR TO BARCLAYS BANK CALIF	4999001		10 000.00	
3 4	CASH WITHDRAWAL	4999001		7 000.00	
3 4	TRANSFER	5604001	20 000 00		317 157.00-
9 4	TR TO BANK OF AMERICA	4999001		12 800.00	329 957.00-
10 4	CHQ TO T. GREEN	4999001		45 000.00	374 957.00-
12 4	TR TO RVS	4999001		101 926.78	
12 4	TR TO RVS	4999001		118 336.00	595 219 78-
16 4	TR TO ALBERT HAKIM	4999001		50 000.00	
16 4	TRANSFER	5604001	20 000 00		625 219 78-
18 4	TRANSFER TO DEFEX	603101	37 030 00		
18 4	TR TO R. GOODING	4999001		37 030.00	625 219 78
19 4	CASH ADVANCE	5604001	15 000 00		610 219 78-
29 4	CASH WITHDRAWAL	4999001		7 000.00	617 219 78-
8 5	CASH WITHDRAWAL	4999001		3 000 00	
6 5	CASH WITHDRAWAL	4999001		5 000.00	625 219 78-
7 5	TR TO CS PARIS	5604001	116 000 00		509 219.78-
16 5	TR TO 6006	603401	434 742 12		
16 5	TRANSFER TO DEFEX	604001	150 000 00		75 522 34
17 5	TR TO FIRST AMERICAN BK	5604001	90 000 00		165 522 34
21 5	TR TO CIE DE SERV FID RE LU	4999001		250 000.00	84 477.66-

4203 ALBERT HAKIM 86 12 10 PAGE 2
LEDGER
FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
999901	TRANSIT ACCOUNTS	(SUITE)			
24 5	PMT HOTEL INTERCON SFR 578	4999001		224 12	84 701 78
30 5	TR TO BK OF KOREA	4999001		50 000 00	134 701 78-
7 6	TR TO A HAKIM	4999001		30 000 00	164 701 78-
17 6	TRANSFER TO DEFEX	603001	3 000 00		
17 6	FUNDS RETURNED UNPAID	4999001	50 000 00		111 701 78-
18 6	TRANSFER TO DEFEX	603801	50 000 00		
18 6	TR TO BK OF KOREA	4999001		45 000 00	106 701 78-
3 7	CASH WITHDRAWAL	4999001		420 17	
3 7	CASH WITHDRAWAL	4999001		210 08	
3 7	TR TO FIRST AMERICAN BK	5604001	25 000 00		82 332 03-
5 7	TR TO AH THRU RNB	4999001		20 050 00	102 382 03-
10 7	TR TO PHILLIPS	4999001		4 000 00	106 382 03-
15 7	CASH WITHDRAWAL	4999001		20 300 00	126 682 03-
16 7	CASH WITHDRAWAL	4999001		2 500 00	
16 7	CASH WITHDRAWAL	4999001		2 500 00	
16 7	WITHDRAWAL US$ NOTES	5604001	206 090 35		74 408 32
19 7	CASH WITHDRAWAL	4999001		7 000 00	67 408 32
22 7	TR TO LOS GATOS	4999001		75 000 00	7 591 68-
16 8	CASH WITHDRAWAL	4999001		2 943 46	10 535 14-
28 8	TRANSFER TO DEFEX	601601	48 560 00		
28 8	CASH WITHDRAWAL	4999001		10 000 00	
28 8	TRANSFER	4999001		48 560 00	20 535 14-
3 9	CASH WITHDRAWAL	4999001		7 000 00	27 535 14-
17 9	CASH WITHDRAWAL	4999001		10 000 00	
17 9	CASH WITHDRAWAL MASOUDI	4999001		2 000 00	39 535 14-
20 9	CHQ K PHILLIPS	4999001		2 000 00	
20 9	CHQ K PHILLIPS	4999001	0 00		41 535 14-
23 9	TRANSFER TO DEFEX	602301	9 500 00		
23 9	CASH WITHDRAWAL	4999001		11 500 00	
23 9	CHQ KEUN SIK WON	4999001		9 500 00	53 035 14-
24 9	CASH WITHDRAWAL	4999001		5 000 30	58 035 44-
1 10	CHQ K PHILLIPS	4999001		2 000 00	60 035 44-
4 10	CASH SOONI HAKIM	4999001		1 500 00	61 535 44-
15 10	CASH WITHDRAWAL	4999001		2 000 00	63 535 44-
23 10	CASH WITHDRAWAL	4999001		9 000 00	72 535 44-
25 10	CHQ K PHILLIPS	4999001		2 000 00	74 535 44-

H 1141

```
4203     ALBERT HAKIM                                                                86 12 10  PAGE       3
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                      DOC NO CONTRA                DEBIT          CREDIT        BALANCE

999901   TRANSIT ACCOUNTS                             (SUITE)
                                                                                     102 000.00     176 535.44-
 28 10 CASH WITHDRAWAL                        4999001
                                                                                         943.40     177 478.84-
  7 11 CASH WITHDRAWAL SFR 2000.-             4999001
                                                                                       7 000.00     184 478.84-
 12 11 CASH WITHDRAWAL                        4999001
                                                                                      43 030.00     227 508.84-
 14 11 TR TO CIE DE SERV FID RE AH            4999001
                                                                                      20 000.00
 15 11 TR TO CIE DE SERV FID RE AH            4999001
                                                                                      25 000.00     272 508.84-
 15 11 CASH WITHDRAWAL                        4999001
                                                                                      80 000.00
 18 11 TRANSFER FROM LAKE RES.                5601001
                                                                     80 000.00                      272 508.84-
 18 11 TRANSFER TO CSF INV. LTD               5600001
                                                                                     870 000.00
 22 11 TRANSFER FROM LAKE RES                 5601001
                                                                    870 000 00
 22 11 TRANSFER TO CSF INV. LTD               5600001
                                                                                      21 470.00     293 978.84-
 22 11 CASH WITHDRAWAL                        4999001
                                                                     17 000 00
 25 11 TRANSFER TO DEFEX                      602201
                                                                                       2 000.00     278 978.84-
 25 11 CHQ K. PHILLIPS                        4999001
                                                                                       9 529.32
  3 12 PMT VITA ZURICH SFR 19844.80           4999001
                                                                                       4 000.96     292 509.12-
  3 12 PMT VITA ZURICH SFR 8'332.-            4999001
                                                                                     390 000.00
  6 12 TRANSFER FROM LAKE RES                 5601001
                                                                    390 000.00                      292 509.12-
  6 12 TRANSFER TO CSF INV. LTD               5600001
                                                                                       2 386.63     294 895.75-
 16 12 CASH WITHDRAWAL SFR 5000.-             4999001
                                                                                      82 031.09
 17 12 BAL OF ACCT PHASE I-II-III             4999001
                                                                                     100 800.00
 17 12 PROFIT DISTRIBUTION PHASE IV           4999001
                                                                                     100 800.00
 17 12 PROFIT DISTRIBUTION PHASE IV           4999001
                                                                      2 000 00
 17 12 REF CHQ K. PHILLIPS                    4999001
                                                                     50 400 00                      526 126.84-
 17 12 PROFIT DISTRIBUTION PHASE IV           5601001
                                                                                     299 000.00
 20 12 TRANSFER FROM LAKE RES                 5601001
                                                                    299 000 00                      526 126.84-
 20 12 TRANSFER TO CSF INV. LTD               5600001
86
                                                                     20 000 00
 21  1 TRANSFER TO DEFEX                      601201
                                                                                      20 000.00     526 126.84-
 21  1 TR TO HOWARD RICE                      4999001
                                                                                     100 000.00     626 126.84-
  6  2 TR TO SCITECH                          4999001
                                                                                     165 000 00     791 126.84-
  7  2 TR TO A. HAKIM                         4999001
                                                                     66 000 00
 13  2 TRANSFER TO DEFEX                      601501
                                                                                      35 000.00     746 126 84
 13  2 CHQ TO A. GREEN                        4999001                                               731 126.84-
                                                                     15 000 00
 18  2 TRANSFER                               5600001
                                                                                       1 351.42     732 478.26-
 19  2 CASH WITHDRAWAL                        4999001
                                                                      1 670 50
 26  2 TRANSFER TO DEFEX                      601701
                                                                                       1 670 50     732 478.26-
 26  2 TRANSFER TO SHARP GREEN & LANK FU      4999001
```

H 1142

4203 ALBERT HAKIM 86 12 10 PAGE 4
LEDGER FROM 01 01 86 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
999901	TRANSIT ACCOUNTS	(SUITE)			
5 3	CASH WITHDRAWAL	5602001	5 000 000 00		
5 3	CSF INV AH/SUB. A/C	600201		2 000 000.00	
5 3	CSF INV. AH/SUB A/C	4999001		2 000 000.00	267 521.74
6 3	DEPOSIT (5605830.- SFR)	5606001		3 000 000.00	2 732 478 26-
18 3	CIE SRV FID CASH AH	4999001		28 000.00	
18 3	CSF INV. CASH AH	4999001		50 000.00	2 810 478.26-
10 4	CASH DEPOSIT	5602001		248 750 00	
10 4	BANK CHARGES VERST CASH GULF	640401		1 250 00	3 060 478.26-
14 4	TRANSFER	5602001	25 000 00		3 035 478.26-
15 4	CASH DEPOSIT	5602001		199 000.00	3 234 478 26-
17 4	WITH TR TO UDALL	5600001	3 225 00		
17 4	CSF INV LTD WITH CASH	5606001	450 000 00		
17 4	BANK CHARGES	640401		1 000.00	
17 4	AGIOS	640401		3 225 00	
17 4	TR FROM 6032	600601		2 385 261.75	
17 4	TR TO 6006	603201	2 385 261 75		
17 4	AH SFR 136734 90	4999001		72 580.00	
17 4	CASH ALBERT HAKIM	4999001		3 000.00	
17 4	CSF INV. LTD	4999001		15 000.00	2 876 058.26-
18 4	CSF REIMBT KHALID RASHID	4999001	31 817.00		2 844 241.26-
22 4	REIMBT DEFEX	5602001		25 000.00	2 869 241.26-
28 4	CASH PASSPORT USA	4999001		4 975.00	
28 4	CSF CHQ RVS	4999001		28 111.00	2 902 327.26-
2 5	TRANSFER	5606001	2 274 80		2 900 052.46-
16 5	CASH WITHDRAWAL	5600001	224 438 00		
16 5	WITHDRAWAL CASH FROM LAKL	600001		224 438.00	
16 5	TR FROM 6034	600601		434 742.12	
16 5	TR TO TAA	4999001		150 000.00	3 484 794.58-
20 5	TRANSFER TO DEFEX	600301	447 373 86		
20 5	TRANSFER TO DEFEX	604901	200 000 00		
20 5	CIE SERV FID AH	4999001		26 490.00	
20 5	CSF RVS	4999001		26 490.00	
20 5	CIE SERV FID SCITECH	4999001		8 833.00	
20 5	CSF INV RE BUTTON	4999001		200 000.00	
20 5	TRANSFER	5606001	26 490 00		3 072 743.72-
21 5	CASH WITHDRAWAL	5600001	260 000 00		

H 1143

```
4203     ALBERT HAKIM                                                                     86 12 10  PAGE      5
         LEDGER                          FROM 01 01 84 TO 04 12 86

I/C    NAME & DESCRIPTION                      DOC NO CONTRA                     DEBIT          CREDIT          BALANCE

 /901    TRANSIT ACCOUNTS                              (SUITE)
21   5 WITHDRAWAL CASH FROM LAKE              600001                                       260 000.00
21   5 CSF INV  AH SUB A/C 1                  4999001                                       10 000.00
21   5 CASH WITHDRAWAL                        4999001                                       60 300.00    3 143 043.72-
22   5 CSF INV  RE SCITECH                    4999001                                      100 000.00    3 243 043.72-
23   5 CIE DE SERV FID RE AH                  4999001                                      500 000.00    3 743 043.72-
27   5 CASH                                   4999001                                       10 000.00    3 753 043.72-
 3   6 TRANSFER TO DEFEX                      [illegible]               3 974 292.87
 3   6 TRANSFER TO DEFEX                      601301                      300 563.00
 3   6 TRANSFER TO DEFEX                      601401                      244 167.00
 3   6 TRANSFER TO DEFEX                      [illegible]                  79 167.00
 3   6 TR TO CSF INV - RE AH                  4999001                                       79 167.[illegible]
 3   6 TR TO CSF INV  RE SCITECH              4999001                                       26 398.[illegible]
 3   6 TR TO CSF INV. RE KOMEL                4999001                                       79 167.[illegible]
 3   6 TR TO CSF INV  RE C TEA                4999001                                       79 167.[illegible]
30   6 TRANSFER                               0                                            601 255.[illegible]
27   8 UBS FRIBOURG - DEFEX                   5607001                     861 327.00
27   8 TRANSFER FROM DEFEX                    0                                            861 327.00
 7  10 PRELEVT CASH                           05609001                      2 512.00                       2 512.00
 3  10 CANCELLATION REIMBT CASH               640201                                         2 512.00          0.00
                                                                     --------------- ---------------
         TRANSACT  & BALANCE                                         17 652 902.25 17 652 902.25              0.00
```

```
                                                                          86 12 10  PAGE      1    -
4203     ALBERT HAKIM
         LEDGER                        FROM 01 01 84 TO 04 12 86

A/C.  NAME & DESCRIPTION                  DOC NO CONTRA                      DEBIT          CREDIT       BALANCE

                                                                  ************** **************
              GRAND TOTALS                                      244 393 489.67244 393 489.67              0.00

                                                                  ************** **************
```

H 1145

```
064_   HAKIM ALBERT                                              87 05 27  PAGE     1
                                          TRIAL BALANCE FROM   1 01 87 TO 31 05 87
'/C. DESCRIPTION                                  BALANCE                  BALANCE
                                                                 CURRENCY     US$


       CAPITAL                              US$
       ####################################

00001  CAPITAL CONTRIBUTIONS/WITHDRAWALS    US$        8 831.06             8 831.06
01001  CAPITAL INVESTED                     US$      258 000.03-          258 000.03-
                                                                     ---------------
       TOTAL GROUP                                                       249 168.97-

       ASSETS & LIABILITIES                 US$
       ####################################

51801  SECURITIES - MERRILL LYNCH           US$      255 071.00           255 071.00
600001 CASH ACCOUNT                         US$         158.64-              158.64-
                                                                     ---------------
       TOTAL GROUP                                                       254 912.36

       P/L. NET BALANCE (1-5)                                              5 743.39

       CHARGES                              US$
       ####################################

                                                                     ---------------
       TOTAL GROUP                                                             0.00
```

II 02756

Charince

Footnote 10

```
                                                         87 05 27  PAGE    2
64    HAKIM ALBERT                    TRIAL BALANCE FROM  1 01 87 TO 31 05 87
                                              BALANCE               BALANCE
   DESCRIPTION                                           CURRENCY     US$

                                        US$
      INCOME
      ###################################
                                                                 4 421.78-
/1101 INTEREST EARNED ON BONDS          US$        4 421.78-     1 321.61-
/2201 INTEREST EARNED ON DEPOSITS       US$        1 321.61-  ---------------
                                                                 5 743.39-
      TOTAL GROUP___

                                        US$
      TRANSIT ACCOUNTS
      ###################################
                                                              ---------------
                                                                      0.00
      TOTAL GROUP___
                                                                      0.00
                                                      0.00
      GRAND TOTALS

                                        SFR          66.1813
                                        MKF          22.5734
                                        HK$          12.8222
                                        $AU          69.9007
```

```
                                                                           87 05 27  PAGE      2
                                                                                     POR      18
U64    HAKIM ALBERT
    SECURITIES T/B. BY DEPOT        FROM 01 01 87 TO 31 05 87
                                                                                CREDIT      PRICE
                                                            BALANCE     DEBIT
A/C  NAME & DESCRIPTION
                                                                                          1.00 0000
1189A  6.8750 MERRILL LYNCH 8/7/87    87/87     US$       255071+   255 071.00

     ######################################     US$                 255 071.00
     TOTALS
```

H 02758

```
6224    AH/SUB  A/C # 1                                          87 05 27  PAGE    1
                                              TRIAL BALANCE FROM  1 01 87 TO 31 05 87
A/C  DESCRIPTION                                      BALANCE               BALANCE
                                                                  CURRENCY     US$

                                                                              H 02760

1        CAPITAL                                 US$
         #####################################

100001   CAPITAL CONTRIBUTIONS/WITHDRAWALS       US$        1 767 12           1 767 12
101001   CAPITAL INVESTED                        US$   2 123 986 34-      2 123 986 34-
                                                                     ---------------
         TOTAL GROUP                                                  2 122 219 22-


5        ASSETS & LIABILITIES                    US$
         #####################################

551801   SECURITIES - MERRILL LYNCH              US$   2 168 108 00       2 168 108 00
5600001  CASH ACCOUNT                            US$       2 736 85           2 736 85
                                                                     ---------------
         TOTAL GROUP                                                  2 170 844 85

         P/L  NET BALANCE (1-5)                                          48 625 63

6        CHARGES                                 US$
         #####################################


7        INCOME                                  US$
         #####################################

771101   INTEREST EARNED ON BONDS                US$      37 391 90-         37 391 90-
772201   INTEREST EARNED ON FTD                  US$      11 233 73-         11 233 73-

800      DEBTOR BY GUARANTEE                     US$
                                                                     ---------------
```

416

```
224    AH/SUB  A/C # 1                                          87 05 27  PAGE    2
                                         TRIAL BALANCE FROM   1 01 87 TO 31 05 87
/C  DESCRIPTION                                  BALANCE                 BALANCE
                                                               CURRENCY    US$
                                                                          0 00


01     GUARANTEE FURNISHED               US$

                                                              ----------------
                                                                          0.00
                                                              ----------------
                                                                    48 625.63-
       TOTAL GROUP

       TRANSIT ACCOUNTS                  US$
       ###################################

                                                              ----------------
                                                                          0 00
       TOTAL GROUP

       GRAND TOTALS                                 0 00                  0 00

                                         MKF     22 5734
```

```
24    AH/SUB  A/C # 1                                                              87 05 27  PAGE      2
     SECURITIES T/B  BY DEPOT       FROM 01 01 87 TO 31 05 87                                 PDR      18

/C   NAME & DESCRIPTION                                     BALANCE        DEBIT          CREDIT      PRICE

9A    6.8750 MERRILL LYNCH 8/7/87     87/87      US$       2168108+  2 168 108.00                     1.00 0000

     ########################################
     TOTALS                                      US$                 2 168 108.00  H 02762
```

```
 L    AH/SUB  A/C # 2                                         87 05 27  PAGE    1
                                         TRIAL BALANCE FROM   1 01 87 TO 31 05 87
    DESCRIPTION                                  BALANCE                 BALANCE
                                                                  CURRENCY    US$
                                                                                        02763


      CAPITAL                            US$
      ##################################

 001  CAPITAL INVESTED                   US$   2 046 830 23-          2 046 830 23-
                                                                    ---------------
      TOTAL GROUP                                                     2 046 830 23-

      ASSETS & LIABILITIES               US$
      ##################################

 1801 SECURITIES - MERRILL LYNCH         US$   2 071 181 00           2 071 181 00
 0001 CASH ACCOUNT                       US$      22 114 21              22 114 21
                                                                    ---------------
      TOTAL GROUP                                                     2 093 295 21

      P/L  NET BALANCE (1-5)                                             46 464 98

      CHARGES                            US$
      ##################################

                                                                    ---------------
      TOTAL GROUP                                                             0 00
```

419

```
4230    AH/SUB  A/C # 2
                                                               87 05 27  PAGE     2
 /C  DESCRIPTION                            TRIAL BALANCE FROM  1 01 87 TO 31 05 87
                                                  BALANCE                BALANCE
                                                               CURRENCY      US$
/        INCOME                             US$
         ##################################

71101    INTEREST EARNED ON BONDS           US$     35 733.46-           35 733.46-
72201    INTEREST EARNED ON FTD             US$     10 731.52-           10 731.52-
 0       CONTINGENT LIABILITIES             US$

 00      DEBTOR BY GUARANTEE                US$

                                                               ----------------
                                                                           0.00

 01      GUARANTEE FURNISHED                US$

                                                               ----------------
                                                                           0.00
         TOTAL CONTINGENT LIABILITIES                          ----------------
                                                                           0.00
         TOTAL GROUP                                           ----------------
                                                                      46 464.98-
         P/L  NET BALANCE (6-8)
                                                                      46 464.98-
```

```
10   AH/SUB  A/C # 2                                               87 05 27  PAGE    3
                                           TRIAL BALANCE FROM   1 01 87 TO 31 05 87
     DESCRIPTION                                     BALANCE                BALANCE
                                                                CURRENCY     US$

        TRANSIT ACCOUNTS                   US$
        ##################################


                                                                ----------------
        TOTAL GROUP                                                          0.00

        GRAND TOTALS                                      0.00               0.00

                                           MKF         22.5734
```

```
 30    AH/SUB. A/C # 2                                                      87 05 27  PAGE      2
      SECURITIES T/B. BY DEPOT       FROM 01 01 87 TO 31 05 87                       POR      18

 /C   NAME & DESCRIPTION                                 BALANCE        DEBIT        CREDIT      PRICE

 89A   6.8750 MERRILL LYNCH 8/7/87     87/87      US$      2071181+  2 071 181.00                 1.00 0000

      #####################################
      TOTALS                                      US$                2 071 181.00
```

```
31    AH/SUB  A/C # 3                                           87 05 27  PAGE     1
                                         TRIAL BALANCE FROM   1 01 87 TO 31 05 87
/C  DESCRIPTION                                   BALANCE                 BALANCE
                                                                CURRENCY     US$
```

H 02767

```
       CAPITAL                                  US$
       ####################################

01001  CAPITAL INVESTED                         US$     156 659 26-          156 659 26-
                                                                        ----------------
       TOTAL GROUP                                                          156 659 26-

       ASSETS & LIABILITIES                     US$
       ####################################

51801  SECURITIES - MERRILL LYNCH               US$     158 144 00           158 144 00
600001 CASH ACCOUNT                             US$       2 066 89             2 066 89
                                                                        ----------------
       TOTAL GROUP                                                          160 210 89

       P/L  NET BALANCE (1-5)                                                 3 551 63

       CHARGES                                  US$
       ####################################
                                                                        ----------------
       TOTAL GROUP                                                               0 00
```

```
231    AH/SUB. A/C # 3                                                 87 05 27  PAGE     2
                                                   TRIAL BALANCE FROM  1 01 87 TO 31 05 87
/C  DESCRIPTION                                         BALANCE                    BALANCE
                                                                         CURRENCY     US$

        INCOME                                 US$
        ###################################

71101   INTEREST EARNED ON BONDS               US$       2 732.23-             2 732.23-
72201   INTEREST EARNED ON FTD                 US$         819.40-               819.40-
                                                                        ----------------
        TOTAL GROUP                                                            3 551.63-

        TRANSIT ACCOUNTS                       US$
        ###################################

                                                                        ----------------
        TOTAL GROUP                                                                 0.00

        GRAND TOTALS                                          0.00                  0.00

                                               MKF         22.5734
```

H 02768

```
4231    AH/SUB  A/C # 3                                                                    87 05 27  PAGE     2
        SECURITIES T/B  BY DEPOT       FROM 01 01 87 TO 31 05 87                                     POR     18

A/C     NAME & DESCRIPTION                                        BALANCE        DEBIT         CREDIT      PRICE

1189A    6 8750 MERRILL LYNCH 8/7/87     87/87       US$          158144+    158 144 00                 1 00 0000

        ******************************************
        TOTALS                                       US$                     158 144 00
```

```
    SCITECH TRADING GROUP INC                                          87 05 27  PAGE    1
  DESCRIPTION                                    TRIAL BALANCE FROM    1 01 87 TO 31 05 87
                                                        BALANCE                  BALANCE
                                                                           CURRENCY    US$
```

H 02770

```
     CAPITAL                                   US$
     ####################################

001  CAPITAL INVESTED                          US$      189 370.13-            189 370.13-
                                                                          ----------------
     TOTAL GROUP                                                               189 370.13-

     ASSETS & LIABILITIES                      US$
     ####################################

H01  SECURITIES - MERRILL LYNCH                US$      193 854.00             193 854.00
H001 CASH ACCOUNT                              US$          136.64-                136.64-
                                                                          ----------------
     TOTAL GROUP                                                               193 717.36

     P/L  NET BALANCE (1-5)                                                      4 347.23

     CHARGES                                   US$
     ####################################

                                                                          ----------------
     TOTAL GROUP                                                                    0.00
```

426

```
02    SCITECH TRADING GROUP INC                                  87 05 27  PAGE    2
                                              TRIAL BALANCE FROM  1 01 87 TO 31 05 87
C  DESCRIPTION                                      BALANCE                  BALANCE
                                                                   CURRENCY    US$

      INCOME                                  US$
      ####################################

1101  INTEREST EARNED ON BONDS                US$        3 342.81-            3 342.81-
2201  INTEREST EARNED ON FTD                  US$        1 004.42-            1 004.42-
                                                                       ---------------
      TOTAL GROUP                                                             4 347.23-

      GRAND TOTALS                                          0.00                  0.00

                                              HK$          12 8222
```

```
/02     SCITECH TRADING GROUP INC                                                                         87 05 27  PAGE      2
       SECURITIES T/B  BY DEPOT       FROM 01 01 87 TO 31 05 87                                                    POR      18
/C     NAME & DESCRIPTION                                              BALANCE          DEBIT         CREDIT      PRICE

89A     6 8750 MERRILL LYNCH 8/7/87     87/87       US$          193854+    193 854 00                   1 00 0000
       ########################################
       TOTALS                                      US$                      193 854 00
```

```
1    KOREL ASSETS                                                      87 05 27  PAGE    1
                                                   TRIAL BALANCE FROM  1 01 87 TO 31 05 87
  DESCRIPTION                                                 BALANCE                BALANCE
                                                                         CURRENCY    US$
```

II 02775

```
     CAPITAL                                  US$
     ###################################

001  CAPITAL INVESTED                         US$   1 542 925 83-          1 542 925 83-
                                                                        ----------------
     TOTAL GROUP                                                           1 542 925 83-

     ASSETS & LIABILITIES                     US$
     ###################################

401  SECURITIES - MERRILL LYNCH               US$   1 571 241 00           1 571 241 00
0001 CASH ACCOUNT                             US$       6 935 92               6 935 92
                                                                        ----------------
     TOTAL GROUP                                                           1 578 176 92

     P/L  NET BALANCE (1-5)                                                   35 251 09

     CHARGES                                  US$
     ###################################

                                                                        ----------------
     TOTAL GROUP                                                                   0 00
```

```
01    KOREL ASSETS
                                                                     87 05 27  PAGE    2
   DESCRIPTION                                 TRIAL BALANCE FROM    1 01 87 TO 31 05 87
                                                        BALANCE                BALANCE
                                                                     CURRENCY      US$

      INCOME                                   US$
      ##################################

1101  INTEREST EARNED ON BONDS                 US$     27 109.94-            27 109.94-
2201  INTEREST EARNED ON FTD                   US$      8 141.15-             8 141.15-
                                                                     ---------------
      TOTAL GROUP                                                            35 251.09-

      TRANSIT ACCOUNT                          US$
      ##################################

                                                                     ---------------
      TOTAL GROUP                                                                 0.00

      GRAND TOTALS                                          0.00                  0.00

                                               SFR         66.1813
                                               DM.         55.3276
                                               YEN           .6829
                                               MKF         22.5734
                                               HK$         12.8222
                                               $AU         69.9007
```

H 02774

```
4201    KOREL ASSETS                                                              87 05 27  PAGE      2
      SECURITIES T/B. BY DEPOT       FROM 01 01 87 TO 31 05 87                              POR      18

A/C   NAME & DESCRIPTION                                      BALANCE        DEBIT        CREDIT      PRICE

189A   6 8750 MERRILL LYNCH 8/7/87     87/87      US$       1571241+  1 571 241 00                 1 00 0000

      ########################################
      TOTALS                                      US$                 1 571 241 00
```

```
                                                                                         -
    B  BUTTON                                                           87 05 27  PAGE    1
                                                  TRIAL BALANCE FROM    1 01 87 TO 31 05 87
  DESCRIPTION                                          BALANCE                    BALANCE
                                                                          CURRENCY    US$



      CAPITAL                                  US$
      ####################################

 001  CAPITAL INVESTED                         US$     211 337.34-            211 337.34-   02776
      TOTAL GROUP                                                         ---------------
                                                                              211 337.34-

      ASSETS & LIABILITIES                     US$
      ####################################

 X01  SECURITIES - MERRILL LYNCH               US$     214 262.98             214 262.98
0001  CASH ACCOUNT                             US$       1 881.79               1 881.79
                                                                          ---------------
      TOTAL GROUP                                                             216 144.77

      P/L. NET BALANCE (1-5)                                                    4 807.43

      CHARGES                                  US$
      ####################################

                                                                          ---------------
      TOTAL GROUP                                                                   0.00
    B  BUTTON                                                    87 05 27  PAGE    2
                                            TRIAL BALANCE FROM   1 01 87 TO 31 05 87
DESCRIPTION                                        BALANCE                 BALANCE
                                                                   CURRENCY     US$

    INCOME                                  US$
    ####################################

101 INTEREST EARNED ON BONDS                US$        3 697.28-              3 697.28-
 01 INTEREST EARNED ON FTD                  US$        1 110.15-              1 110.15-
                                                                         ---------------
    TOTAL GROUP                                                           4 807.43-

    GRAND TOTALS                                           0.00                   0.00

                                            MKF          22.5734
                                            HK$          12.8222
                                            $AU          69.9007
```

```
                                                                         87 05 27  PAGE      2
             ,Y DEPOT       FROM 01 01 87 TO 31 05 87                              POR      18
               TION                                    BALANCE        DEBIT        CREDIT      PRICE

          .ERRILL LYNCH 8/7/87     87/87      US$      214262+    214 262.98                   1.00 0004
    .$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$$
   ALS                                        US$                 214 262.98
```

```
 4064     HAKIM ALBERT                                                                              87 05 27  PAGE      1
          LEDGER                               FROM 01 01 87 TO 31 05 87

 A/C   NAME & DESCRIPTION                          DOC NO CONTRA                       DEBIT          CREDIT       BALANCE

1         ****** CAPITAL                                      US$
                                                                                              # 02779

100000    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   FS

       TRANSACT  & BALANCE                                                              0 00           0.00           0.00

100001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

  1  1 BROUGHT FORWARD                                              39 379.60+                  546 035 31     546 035 31-
  2  1 TRANSFER                                    101001                       546 035 31                           0.00
 24  2 PMT INV NO 6297  / STC                  1263 5600001                       1 500 00                       1 500.00
  4  3 PMT F  2082 STC INT                     1317 5600001                       7 331 06                       8 831.06
                                                                             -------------- --------------
       TRANSACT  & BALANCE                                          39 379.60+  554 866 37    546 035.31         8 831.06

101000    ****** CAPITAL INVESTED                             FS

  1  1 BROUGHT FORWARD              23000+                          7 927.12-         0.00                           0.00
                                                                             -------------- --------------
       TRANSACT. & BALANCE          23000+                          7 927.12-         0.00          0.00            0.00

101001    ****** CAPITAL INVESTED                             US$

  1  1 BROUGHT FORWARD              44890-                        137 109.21-   291 654.68
  1  1 1986 P/L. NET BALANCE                                       56 900.00-                    5 212.83     286 441.85
  2  1 TRANSFER                                   100001                                      546 035.31     259 593.46-
 30  1 MGT FEES 4TH QAURTER 1986              5001 5600001                        1 434.18                   258 159.28-
 21  4 MGT FEES 1ST QUARTER 1987              6001 5600001                          159.25                   258 000 03-
                                                                             -------------- --------------
       TRANSACT. & BALANCE          44890-                        194 009.21-   293 248.11    551 248.14     258 000.03-
```

```
4064    HAKIM ALBERT                                                                  87 05 27  PAGE      2
        LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                DOC NO CONTRA                   DEBIT          CREDIT      BALANCE
                                                                                     N 02700

101012    ****** CAPITAL INVESTED                   MFK

  1  1 BROUGHT FORWARD                                  1 061.65-                     5 035.72
  1  1 1986 P/L  NET BALANCE                                           5 035.72                        0.00
                                                                 -------------- --------------
       TRANSACT  & BALANCE                              1 061.65-      5 035.72       5 035.72         0.00

101017    ****** CAPITAL INVESTED                   HK$

  1  1 BROUGHT FORWARD                                 20 634.01+     25 525.44
  1  1 1986 P/L  NET BALANCE                                                         25 525.44         0.00
                                                                 -------------- --------------
       TRANSACT  & BALANCE                             20 634.01+     25 525.44      25 525.44         0.00

101020    ****** CAPITAL INVESTED                   $AU

  1  1 BROUGHT FORWARD                                    624.49-                     1 559.71
  1  1 1986 P/L  NET BALANCE                                           1 559.71                        0.00
                                                                 -------------- --------------
       TRANSACT  & BALANCE                                624.49-      1 559.71       1 559.71         0.00
```

```
4064     HAKIM ALBERT                                                                     87 05 27  PAGE      3
         LEDGER                      FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                DOC.NO CONTRA                   DEBIT         CREDIT       BALANCE

         ****** ASSETS & LIABILITIES               US$

505100   ****** LOANS PAYABLE                      FS

      TRANSACT. & BALANCE                                                0.00           0.00          0.00

505101   ****** LOANS PAYABLE                      US$

      TRANSACT. & BALANCE                                                0.00           0.00          0.00

526101   ****** FID. DEPOSIT - R.N.B.              US$

      TRANSACT. & BALANCE                                                0.00           0.00          0.00

526601   ****** FID. DEPOSIT - CREDIT SUISSE       US$

      TRANSACT. & BALANCE                                                0.00           0.00          0.00

550801   ****** SECURITIES - CAN. IMP. BK OF COMMER US$

  1  1 BROUGHT FORWARD          259000+                           259 000.00                  259 000.00
  8  1
       SALE                     259000- 8475 5600001                              259 000.00
  8  1
       INTEREST TO 30 03 87 AT 0.437    8475 5600001                                  254.95
  8  1
       REVERSAL                         8475 5600001                  254.95                        0.00
                                                                 -------------- --------------
       TRANSACT. & BALANCE                                        259 254.95     259 254.95          0.00
```

```
4064     HAKIM ALBERT
         LEDGER                     FROM 01 01 87 TO 31 05 87                   87 05 27  PAGE      4

A/C   NAME & DESCRIPTION                DOC NO CONTRA                     DEBIT        CREDIT       BALANCE

551401    ****** SECURITIES - BEAR STEARNS          US$

      TRANSACT  & BALANCE
                                                                           0 00          0 00          0 00
551801    ****** SECURITIES - MERRILL LYNCH         US$

  8  1  6 0000 EURO-CD TORONTO DOMINION
      PURCHASE                   250000+18001 5600001                 250 000 00                 250 000 00
  8  4  6 0000 EURO-CD TORONTO DOMINION
      REDEMPTION                 250000-18002 5600001                              250 000 00
  8  4  6 2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT          253750+18003 5600001                 253 750 00                 253 750 00
  8  5  6 8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT          255071+18005 5600001                 255 071 00
  8  5  6 2500 MERRILL LYNCH 8/5/87
      REDEMPTION                 253750-18004 5600001
                                                                                   253 750 00    255 071 00

      TRANSACT  & BALANCE        255071+                             -------------- --------------
                                                                      758 821 00   503 750 00    255 071 00
552201    ****** SECURITIES - MORGAN STANLEY        US$

      TRANSACT  & BALANCE
                                                                           0 00          0 00          0 00
552212    ****** SECURITIES - MORGAN STANLEY        MFK

      TRANSACT  & BALANCE
                                                                           0 00          0 00          0 00
552417    ****** SECURITIES - REED STENHOUSE        HK$

      TRANSACT  & BALANCE
                                                                           0 00          0 00          0 00
```

```
4064     HAKIM ALBERT                                                                    87 05 27  PAGE      5
         LEDGER                         FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                        DEBIT        CREDIT      BALANCE

452420     ****** SECURITIES - REED STENHOUSE           $AU                                   II 02783

       TRANSACT  & BALANCE                                                         0.00          0.00         0.00

5600001    ****** CASH ACCOUNT                          US$

  1  1 BROUGHT FORWARD             431233-                     154 629.61+        593.46                     593.46
  8  1
       SALE                        259000+ 8475 08JCD                         259 000.00
  8  1
       INTEREST FM 30 1286 TO 08.01.       8475 08JCD                             416.83
  8  1
       INTEREST TO 30 03 87 AT 0.437       8475 08JCD                             254.93
  8  1  6.0000 EURO-CD TORONTO DOMINION
       PURCHASE                    250000-18001 18JCDTO                                    250 000.00
  8  1
       REVERSAL                            8475 08JCD                                          254.95
  8  1
       INTEREST TO 30 03 87 AT 0. 43       8475 08JCD                             254.95                  10 265.24
 30  1 MGT FEES 4TH QAURTER 1986           5001 101001                                       1 434.18      8 831.06
 24  2 PMT INV NO 6297  / STC              1263 100001                                       1 500.00      7 331.06
  4  3 PMT F  2082 STC INT                 1317 100001                                       7 331.06          0.00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION                  250000+18002 18JCDTO                       250 000.00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                    250000+18002 18JCDTO                         3 750.00
  8  4  6.2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT           253750-18003 18J128A                                    253 750.00          0.00
 21  4 MGT FEES 1ST QUARTER 1987           6001 101001                                         159.25        159.25-
  8  5  6.8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT           255071-18005 18J189A                                    255 071.00
  8  5  6.2500 MERRILL LYNCH 8/5/87
       REDEMPTION                  253750+18004 18J128A                       253 750.00
  8  5 CREDIT INTEREST             253750+18004 772201                          1 321.61                     158.64-
                                                                         -------------- --------------
       TRANSACT  & BALANCE         76446+                      154 629.61+    769 341.80   769 500.44        158.64-
```

```
4064     HAKIM ALBERT                                                               87 05 27  PAGE      6
         LEDGER                          FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                   DOC NO CONTRA                         DEBIT          CREDIT          BALANCE
                                                                                             # 02724

5600012    ****** CASH ACCOUNT                          MFK

       TRANSACT  & BALANCE                                                         0 00           0 00             0 00

5600017    ****** CASH ACCOUNT                          HK$

  1   1 BROUGHT FORWARD            10000+                   20 634 01-            0 00                            0 00
                                                                           -------------- --------------
       TRANSACT  & BALANCE         10000+                   20 634 01-            0 00           0 00             0 00

5600020    ****** CASH ACCOUNT                          $AU

       TRANSACT  & BALANCE                                                         0 00           0 00             0 00

5600300    ****** CSF INVOICES                          FS

       TRANSACT  & BALANCE                                                         0 00           0 00             0 00

5600301    ****** CSF INVOICES                          US$

       TRANSACT  & BALANCE                                                         0 00           0 00             0 00

5600601    ****** CSF DIVERS  ACCOUNT                   US$

       TRANSACT  & BALANCE                                                         0.00           0 00             0.00
```

```
4064     HAKIM ALBERT                                                                       87 05 27  PAGE      7
         LEDGER                        FROM 01 01 87 TO 31 05 87

A/C.  NAME & DESCRIPTION                 DOC NO CONTRA                 DEBIT        CREDIT       BALANCE

6        ****** CHARGES                             US$                   # 02785

671001   ****** INTEREST PAID - CURRENT ACCOUNT     US$
      TRANSACT  & BALANCE                                               0.00          0.00          0.00
672000   ****** INTEREST PAID                       FS
      TRANSACT  & BALANCE                                               0.00          0.00          0.00
672001   ****** INTEREST PAID                       US$
      TRANSACT  & BALANCE                                               0.00          0.00          0.00
673701   ****** BANK CHARGES                        US$
      TRANSACT  & BALANCE                                               0.00          0.00          0.00
```

```
4064     HAKIM ALBERT                                                                87 05 27  PAGE      8
         LEDGER                     FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                   DEBIT        CREDIT       BALANCE

7          ****** INCOME                              US$

                                                                                  H 02786

760801     ****** REAL  GAINS/LOSSES - CIBC           US$

       TRANSACT  & BALANCE                                                0.00          0.00          0.00

761401     ****** REAL  GAINS/LOSSES - BEAR STEARNS   US$

       TRANSACT  & BALANCE                                                0.00          0.00          0.00

762201     ****** REAL  GAINS/LOSSES - MORGAN STANLEY US$

       TRANSACT  & BALANCE                                                0.00          0.00          0.00

762212     ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT  & BALANCE                                                0.00          0.00          0.00

762417     ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$

       TRANSACT  & BALANCE                                                0.00          0.00          0.00

762420     ****** REAL  GAINS/LOSSES - REED STENHOUSE $AU

       TRANSACT  & BALANCE                                                0.00          0.00          0.00

771101     ****** INTEREST EARNED ON BONDS            US$

  8  1
       INTEREST FM 30 1286 TO 08.01       8475 5600001                                416.83
  8  1
       INTEREST TO 30.03 87 AT 0, 43      8475 5600001                                254.95       671.78-
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                   250000-18002 5600001                              3 750.00     4 421.78-
```

442

```
4064     HAKIM ALBERT
         LEDGER
                                   FROM 01 01 87 TO 31 05 87                       87 05 27  PAGE      9
A/C    NAME & DESCRIPTION                   DOC NO CONTRA
771101    INTEREST EARNED ON BONDS                                        DEBIT         CREDIT       BALANCE
                                                        (SUITE)
       TRANSACT  & BALANCE        250000-                         -------------- --------------
771201     ###### DIVIDENDS                                               0 00         4 421 78      4 421 78-
                                                     US$                              || 02787
       TRANSACT  & BALANCE
771212     ###### DIVIDENDS                                               0 00            0 00          0.00
                                                     MFK
       TRANSACT  & BALANCE
772201     ###### INTEREST EARNED ON DEPOSITS        US$                  0 00            0 00          0.00
  8   5 CREDIT INTEREST           253750-18004 5600001
                                                                                       1 321 61      1 321 61-
       TRANSACT  & BALANCE        253750-                         -------------- --------------
                                                                          0 00         1 321 61      1 321 61-
```

```
4064     HAKIM ALBERT                                                                   87 05 27  PAGE     10
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                      DEBIT          CREDIT       BALANCE

9        ****** TRANSIT ACCOUNTS                         US$

900100   ****** TRANSIT ACCOUNT                          FS
      TRANSACT  & BALANCE                                                      0.00     II 02788           0.00
900101   ****** TRANSIT ACCOUNT                          US$
      TRANSACT  & BALANCE                                                      0.00            0.00        0.00
                                                                    ************** **************
              GRAND TOTALS                                           2 667 653 10   2 667 653 10          0.00

                                                                    ************** **************
```

```
 4224     AH/SUB  A/C # 1                                                                87 05 27  PAGE      1
          LEDGER                       FROM 01 01 87 TO 31 05 87

 A/C  NAME & DESCRIPTION                 DOC NO CONTRA                       DEBIT        CREDIT      BALANCE

1         ****** CAPITAL                               US$
```

|| 02739

```
100001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

  1  1 BROUGHT FORWARD                                                               2 000 000 00   2 000 000.00-
  2  1 TRANSFER                                101001                  2 000 000 00                         0.00
  4  3 PMT F  2082 STC INT               1317 5600001                     1 767 12                      1 767.12
                                                                      -------------- --------------
       TRANSACT. & BALANCE                                             2 001 767.12  2 000 000.00       1 767.12

101001    ****** CAPITAL INVESTED                      US$

  1  1 BROUGHT FORWARD                                     25 178.56+     15 246.19
  1  1 1986 P/L  NET BALANCE                                                           144 397.70    129 151.51-
  2  1 TRANSFER                                100001                                2 000 000.00   2 129 151.51-
 30  1 MGT FEES 4TH QAURTER 1986         5001 5600001                     3 834.48                  2 125 317.03-
 21  4 MGT FEES 1ST QUARTER 1987         6001 5600001                     1 330.69                  2 123 986.34-
                                                                      -------------- --------------
       TRANSACT  & BALANCE                                 25 178.56+     20 411.36  2 144 397.70   2 123 986.34-

101012    ****** CAPITAL INVESTED                      MFK

  1  1 BROUGHT FORWARD                                      5 308.25-                   25 178.56
  1  1 1986 P/L. NET BALANCE                                              25 178.56                         0.00
                                                                      -------------- --------------
       TRANSACT. & BALANCE                                  5 308.25-     25 178.56     25 178.56           0.00
```

```
4224     AH/SUB  A/C # 1                                                    87 05 27  PAGE      2
         LEDGER                  FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION              DOC NO CONTRA                  DEBIT       CREDIT      BALANCE
```

|| 02790

446

```
4224    AH/SUB  A/C # 1                                                        87 05 27  PAGE     3
        LEDGER                        FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                     DEBIT       CREDIT        BALANCE
                                                                                    || 02791
          ****** ASSETS & LIABILITIES               US$

517401    ****** PRIVATE INVESTMENTS RECEIVABLE     US$
       TRANSACT  & BALANCE                                                   0 00         0 00           0.00
525601    ****** FID  DEPOSIT - CONTINENTAL BANK    US$
       TRANSACT  & BALANCE                                                   0 00         0 00           0.00
526101    ****** FID  DEPOSIT - RNB                 US$
       TRANSACT  & BALANCE                                                   0 00         0 00           0.00
526601    ****** FID  DEPOSIT - CREDIT SUISSE       US$
       TRANSACT  & BALANCE                                                   0 00         0.00           0.00
526901    ****** FID  DEPOSIT - CIBC GENEVA         US$
       TRANSACT  & BALANCE                                                   0 00         0 00           0.00
550601    ****** SECURITIES - R N B                 US$
       TRANSACT. & BALANCE                                                   0.00         0.00           0.00
550801    ****** SECURITIES - CAN. IMP. BK OF COMMER US$
 1  1  BROUGHT FORWARD        2127000+                               2 127 000.00                  2 127 000.00
 8  1
       SALE                   2127000- 8475 5600001                               2 127 000.00
 8  1
       INTEREST TO 30.03.87 AT 0.437   8475 5600001                                   2 093.76
 8  1
       REVERSAL                        8475 5600001                      2 093 76                          0.00
```

447

```
 4224      AH/SUB  A/C # 1                                                                        87 05 27  PAGE      4
           LEDGER                        FROM 01 01 87 TO 31 05 87

 A/C.  NAME & DESCRIPTION                     DOC.NO CONTRA                    DEBIT          CREDIT       BALANCE

550801   SECURITIES - CAN. IMP. BK OF CO                 (SUITE)
                                                                                   II 02792
                                                                        -------------- --------------
       TRANSACT. & BALANCE                                              2 129 093.76  2 129 093.76          0.00

551401    ****** SECURITITES - BEAR STEARNS             US$

       TRANSACT. & BALANCE                                                      0.00          0.00          0.00

551801    ****** SECURITIES - MERRILL LYNCH             US$

  8  1  6.0000 EURO-CD TORONTO DOMINION
       PURCHASE                      2125000+18001 5600001             2 125 000.00                2 125 000 00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION                    2125000-18002 5600001                           2 125 000.00
  8  4  6.2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT             2156875+18003 5600001             2 156 875.00                2 156 875 00
  8  5  6.8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT             2168108+18005 5600001             2 168 108.00
  8  5  6.2500 MERRILL LYNCH 8/5/87
       REDEMPTION                    2156875-18004 5600001                           2 156 875.00  2 168 108.00

                                                                        -------------- --------------
       TRANSACT. & BALANCE           2168108+                          6 449 983.00  4 281 875.00  2 168 108.00

552212    ****** SECURITIES - MORGAN STANLEY            MFK

       TRANSACT. & BALANCE                                                      0.00          0.00          0.00

552701    ****** SECURITIES - STRAUSS TURNBULL          US$

       TRANSACT. & BALANCE                                                      0.00          0.00          0.00
```

```
4224     AH/SUB  A/C # 1                                                                 87 05 27  PAGE      5
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                       DEBIT        CREDIT      BALANCE

                                                                                          02793
5600001  ****** CASH ACCOUNT                        US$

 1  1 BROUGHT FORWARD           1637000-                  25 178 56-       2 151 51                     2 151 51
 8  1
      SALE                      2127000+ 8475 08]CD                    2 127 000 00
 8  1
      INTEREST FM 30 1286 TO 08 01.      8475 08]CD                        3 423 14
 8  1
      INTEREST TO 30.03 87 AT 0 437      8475 08]CD                        2 093 76
 8  1  6.0000 EURO-CD TORONTO DOMINION
      PURCHASE                  2125000-18001 18]CDTO                                2 125 000 00
 8  1
      REVERSAL                           8475 08]CD                                      2 093 76
 8  1
      INTEREST TO 30.03 87 AT 0. 43      8475 08]CD                        2 093 76                     9 668 41
30  1 MGT FEES 4TH QAURTER 1986          5001 101001                                     3 834.48       5 833.93
 4  3 PMT F. 2082 STC INT.               1317 100001                                     1 767 12       4 066 81
 8  4  6.0000 EURO-CD TORONTO DOMINION
      REDEMPTION                2125000+18002 18]CDTO                  2 125 000 00
 8  4  6.0000 EURO-CD TORONTO DOMINION
      INTEREST                  2125000+18002 18]CDTO                     31 875 00
 8  4  6.2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT         2156875-18003 18]128A                                2 156 875 00       4 066.81
21  4 MGT FEES 1ST QUARTER 1987          6001 101001                                     1 330 69       2 736 12
 8  5  6.8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT         2168108-18005 18]189A                                2 168 108 00
 8  5  6.2500 MERRILL LYNCH 8/5/87
      REDEMPTION                2156875+18004 18]128A                  2 156 875.00
 8  5 CREDIT INTEREST           2156875+18004 772201                      11 233.73                     2 736.85

                                                                     -------------- --------------
      TRANSACT. & BALANCE       2603767+                  25 178 56-   6 461 745 90  6 459 009 05       2 736.85
```

```
4224      AH/SUB  A/C # 1                                                               87 05 27  PAGE      6
          LEDGER                    FROM 01 01 87 TO 31 05 87

A/C.  NAME & DESCRIPTION                 DOC.NO CONTRA                    DEBIT          CREDIT        BALANCE

5600012   ****** CASH ACCOUNT                          MFK

      TRANSACT  & BALANCE                                                 0.00            0.00           0.00

570001    ****** BLOCKED DEPOSIT ACCOUNT               US$

      TRANSACT  & BALANCE                                                 0.00            0.00           0.00
```

4224 AH/SUB A/C # 1
LEDGER
FROM 01 01 87 TO 31 05 87
87 05 27 PAGE 7

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
A	****** CHARGES	US$			

H 02795

```
                                                                                       87 05 27  PAGE      8
4224     AH/SUB  A/C # 1
         LEDGER                          FROM 01 01 87 TO 31 05 87
A/C    NAME & DESCRIPTION                 DOC NO CONTRA                  DEBIT        CREDIT       BALANCE
                                                       (SUITE)
7        CHARGES
7          ****** INCOME                               US$

760601     ****** REAL  GAINS/LOSSES - R.N.B.          US$
       TRANSACT  & BALANCE                                                0.00          0.00          0.00
760801     ****** REAL  GAINS/LOSSES - CIBC            US$
       TRANSACT  & BALANCE                                                0.00          0.00          0.00
761401     ****** REAL  GAINS/LOSSES - BEAR STEARNS    US$
       TRANSACT  & BALANCE                                                0.00          0.00          0.00
762212     ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK
       TRANSACT  & BALANCE                                                0.00          0.00          0.00
762401     ****** REAL  GAINS/LOSSES - BEAR STEARNS    US$
       TRANSACT  & BALANCE                                                0.00          0.00          0.00
762701     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$
       TRANSACT. & BALANCE                                                0.00          0.00          0.00
771101     ****** INTEREST EARNED ON BONDS             US$
  8  1
       INTEREST FM 30.1286 TO 08.01       8475 5600001                             3 423.14
  8  1
       INTEREST TO 30 03.87 AT 0.43       8475 5600001                             2 093.76      5 516.90-
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                   2125000-18002 5600001                           31 875.00     37 391.90-
```

|| 02796

```
4224     AH/SUB  A/C # 1                                                                   87 05 27  PAGE      9
         LEDGER                    FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

771101   INTEREST EARNED ON BONDS                          (SUITE)
                                                                       -------------- --------------
       TRANSACT  & BALANCE       2125000-                                        0 00       37 391 90      37 391 90-

771212     ****** DIVIDENDS                                MFK

       TRANSACT  & BALANCE                                                       0 00            0 00           0 00

772201     ****** INTEREST EARNED ON FTD                   US$

  8  5 CREDIT INTEREST           2156875-18004 5600001                                     11 233 73      11 233 73-
                                                                       -------------- --------------
       TRANSACT  & BALANCE       2156875-                                        0 00       11 233 73      11 233 73-

772301     ****** INCOME ON INVESTMENTS                    US$

       TRANSACT  & BALANCE                                                       0 00            0 00           0 00

800        ****** DEBTOR BY GUARANTEE                      US$

800001     ****** FORWAY DEBTOR GUARANTY                   US$

       TRANSACT  & BALANCE                                                       0 00            0 00           0 00

801        ****** GUARANTEE FURNISHED                      US$

801001     ****** CIBC GUARANTY FURNISHED                  US$

       TRANSACT  & BALANCE                                                       0 00            0 00           0 00
```

0.03797

LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE

H 02798

```
4224     AH/SUB  A/C # 1                                                           87 05 27  PAGE     11
         LEDGER                    FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION              DOC NO CONTRA                    DEBIT         CREDIT      BALANCE

9        ****** TRANSIT ACCOUNTS                 US$

                                                              *************** ***************
            GRAND TOTALS                                      17 088 179 70 17 088 179 70             0.00

                                                              *************** ***************
```

H 02799

```
 4230     AH/SUB  A/C # 2
          LEDGER
                                          FROM 01 01 87 TO 31 05 87                   87 05 27  PAGE
 A/C   NAME & DESCRIPTION
                                           DOC.NO CONTRA
                                                                          DEBIT         CREDIT
 1          ****** CAPITAL
                                                          US$
                                                                             H 02CC0
 100001     ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS     US$

   1  1 BROUGHT FORWARD                                                            2 000 000.00
   2  1 TRANSFER                                 101001                2 000 000.00                2 0

        TRANSACT  & BALANCE                                           -------------- --------------
                                                                       2 000 000.00  2 000 000.00
 101001     ****** CAPITAL INVESTED
                                                          US$
   1  1 BROUGHT FORWARD              390000-                 78 557.14+    23 673.23
   1  1 1986 P/L  NET BALANCE                                                            75 582.53
   2  1 TRANSFER                                  100001                               2 000 000.00  2 0
  30  1 MGT FEES 4TH QAURTER 1986           5001 5600001                    3 796.16                 2 0
  21  4 MGT FEES 1ST QUARTER 1987           6001 5600001                    1 282.91                 2 0

        TRANSACT  & BALANCE          390000-                              -------------- --------------
                                                             78 557.14+    28 752.30   2 075 582.53  2 0
 101012     ****** CAPITAL INVESTED
                                                          MFK
   1  1 BROUGHT FORWARD                                      16 561.74-
   1  1 1986 P/L  NET BALANCE                                              78 557.14       78 557.14

        TRANSACT  & BALANCE                                               -------------- --------------
                                                             16 561.74-    78 557.14       78 557.14
 4230      AH/SUB  A/C # 2                                                               87 05 27  PAGI
           LEDGER                      FROM 01 01 87 TO 31 05 87

 A/C   NAME & DESCRIPTION                  DOC NO CONTRA                    DEBIT          CREDIT

 5          ****** ASSETS & LIABILITIES                US$                             II 02C01

 515301     ****** LOANS RECEIVABLE                    US$

        TRANSACT  & BALANCE                                                  0 00            0 00
 525601     ****** FID  DEPOSIT - CONTINENTAL BANK     US$

        TRANSACT  & BALANCE                                                  0 00            0 00
 526101     ****** FID  DEPOSIT - R N B                US$

        TRANSACT  & BALANCE                                                  0 00            0 00
 526601     ****** FID  DEPOSIT - CREDIT SUISSE        US$

        TRANSACT  & BALANCE                                                  0 00            0 00
 550601     ****** SECURITIES - R N B                  US$

        TRANSACT  & BALANCE                                                  0 00            0 00
 550801     ****** SECURITIES - CAN  IMP  BK OF COMMER US$

   1  1 BROUGHT FORWARD          2037000+                            2 037 000 00                   2 0
   8  1
        SALE                     2037000- 8475 5600001                              2 037 000 00
   8  1
        INTEREST TO 30 03 87 AT 0 437     8475 5600001                                  2 005 17
   8  1
        REVERSAL                          8475 5600001                   2 005 17

                                                                   -------------- --------------
        TRANSACT  & BALANCE                                        2 039 005 17  2 039 005 17
 4230      AH/SUB  A/C # 2                                                                       87 05 27  PAGE
           LEDGER                        FROM 01 01 87 TO 31 05 87

 A/C    NAME & DESCRIPTION                     DOC NO CONTRA                              DEBIT          CREDIT
                                                                                                   ii 02802

551801     ****** SECURITIES - MERRILL LYNCH          US$

  8  1  6 0000 EURO-CD TORONTO DOMINION
        PURCHASE                  2030000+18001 5600001                    2 030 000 00                    2 0
  8  4  6 0000 EURO-CD TORONTO DOMINION
        REDEMPTION                2030000-18002 5600001                                 2 030 000 00
  8  4  6 2500 MERRILL LYNCH 8/5/87
        FIDUCIARY DEPOSIT         2060450+18003 5600001                    2 060 450 00                    2 0
  8  5  6 8750 MERRILL LYNCH 8/7/87
        FIDUCIARY DEPOSIT         2071181+18005 5600001                    2 071 181 00
  8  5  6 2500 MERRILL LYNCH 8/5/87
        REDEMPTION                2060450-18004 5600001                                 2 060 450.00   2 0

                                                                          -------------- --------------
        TRANSACT  & BALANCE       2071181+                                 6 161 631 00 4 090 450 00   2 (

552212     ****** SECURITIES - MORGAN STANLEY         MFK

        TRANSACT  & BALANCE                                                        0 00           0 00

552701     ****** SECURITIES - STRAUSS TURNBULL       US$

        TRANSACT  & BALANCE                                                        0 00           0 00

556601     ****** FID  DEPOSIT - CREDIT SUISSE        US$

        TRANSACT  & BALANCE                                                        0.00           0.00

5600001    ****** CASH ACCOUNT                        US$

  1  1 BROUGHT FORWARD             143000+                      78 557.14-    14 909 30
  8  1
       SALE                       2037000+ 8475 08JCD                      2 037 000.00
  8  1
       INTEREST FM 30 1286 TO 08 01.       8475 08JCD                          3 278 29
  8  1
```

458

```
4230     AH/SUB  A/C # 2                                                                    87 05 27  PAGE
         LEDGER                     FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                         DEBIT        CREDIT

5600001  CASH ACCOUNT                                (SUITE)
       INTEREST TO 30 03 87 AT 0.437      8475 08JCD                          2 005 17
  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE               2030000-18001 18JCDTO                                     2 030 000.00
  8  1
       REVERSAL                           8475 08JCD                                         2 005.17
  8  1
       INTEREST TO 30 03 87 AT 0. 43      8475 08JCD                          2 005 17
 30  1 MGT FEES 4TH QAURTER 1986          5001 101001                                        3 796.16
  8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION             2030000+18002 18JCDTO                   2 030 000 00
  8  4  6 0000 EURO-CD TORONTO DOMINION
       INTEREST               2030000+18002 18JCDTO                      30 450 00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT      2060450-18003 18J128A                                     2 060 450.00
 21  4 MGT FEES 1ST QUARTER 1987          6001 101001                                        1 282 91
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT      2071181-18005 18J189A                                     2 071 181.00
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION             2060450+18004 18J128A                   2 060 450 00
  8  5 CREDIT INTEREST        2060450+18004 772201                       10 731 52
                                                                  -------------- --------------
       TRANSACT  & BALANCE    4199269+                   78 557 14-  6 190 829 45  6 168 715 24

5600012   ****** CASH ACCOUNT                        MFK

       TRANSACT  & BALANCE                                                    0 00          0.00

570001    ****** BLOCKED DEPOSIT ACCOUNT             US$

       TRANSACT  & BALANCE                                                    0 00          0.00
```

II 02803

```
4230     AH/SUB  A/C # 2                                                  87 05 27  PAGE
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                 DEBIT       CREDIT
```

```
 4230     AH/SUB  A/C # 2                                                           87 05 27  PAGI
          LEDGER                     FROM 01 01 87 TO 31 05 87

 A/C   NAME & DESCRIPTION                 DOC NO CONTRA                   DEBIT          CREDIT

6         ****** CHARGES                            US$

673701    ****** BANK CHARGES                       US$
       TRANSACT  & BALANCE                                                 0 00           0 00
 4230     AH/SUB  A/C # 2                                                        87 05 27  PAGE
          LEDGER                       FROM 01 01 87 TO 31 05 87

 A/C   NAME & DESCRIPTION                  DOC.NO CONTRA                 DEBIT         CREDIT

7         ###### INCOME                               US$

760601    ###### REAL. GAINS/LOSSES - R.N.B.          US$

       TRANSACT. & BALANCE                                                0.00           0.00

760801    ###### REAL. GAINS/LOSSES - CIBC            US$

       TRANSACT. & BALANCE                                                0.00           0.00

762212    ###### REAL. GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT. & BALANCE                                                0.00           0.00

762701    ###### REAL. GAINS/LOSSES - STRAUSS TURNBU US$

       TRANSACT. & BALANCE                                                0.00           0.00

771101    ###### INTEREST EARNED ON BONDS             US$

  8  1
       INTEREST FM 30.1286 TO 08.01       8475 5600001                                3 278.29
  8  1
       INTEREST TO 30.03.87 AT 0, 43      8475 5600001                                2 005.17
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                  2030000-18002 5600001                               30 450.00

                                                                    -------------- --------------
       TRANSACT. & BALANCE       2030000-                                 0.00      35 733.46
```

Ii 02606

```
 4230     AH/SUB  A/C # 2                                                             87 05 27  PAGE
          LEDGER                      FROM 01 01 87 TO 31 05 87

 A/C   NAME & DESCRIPTION                 DOC NO CONTRA                   DEBIT         CREDIT

771212    ****** DIVIDENDS                            MFK                             II 02807

       TRANSACT  & BALANCE                                                 0 00           0 00

772201    ****** INTEREST EARNED ON FTD               US$

  8  5 CREDIT INTEREST          2060450-18004 5600001                                 10 731 52
                                                                    -------------- --------------
       TRANSACT  & BALANCE      2060450-                                   0 00       10 731 52

80        ****** CONTINGENT LIABILITIES               US$

800       ****** DEBTOR BY GUARANTEE                  US$

800001    ****** REPUBLIC NATIONAL BANK, LUXEMBOURG  US$

       TRANSACT  & BALANCE                                                 0 00           0 00

801       ****** GUARANTEE FURNISHED                  US$

801001    ****** RAINBOW STAR (USA)                   US$

       TRANSACT  & BALANCE                                                 0 00           0 00
```

```
4230     AH/SUB  A/C # 2                                                                87 05 27  PAGE
         LEDGER                        FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                      DEBIT         CREDIT

9        ****** TRANSIT ACCOUNTS                      US$

                                                                    *************** ***************
              GRAND TOTALS                                          16 498 775.06 16 498 775.06

                                                                    *************** ***************
```

```
4231     AH/SUB  A/C # 3                                                           87 05 27  PAGE      1
         LEDGER                   FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION              DOC NO CONTRA                       DEBIT        CREDIT       BALANCE

2          TRANSIT ACCOUNTS                         (SUITE)                          H 02809

1        ****** CAPITAL                             US$


100001   ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

  1  1 BROUGHT FORWARD                                                          200 000.00    200 000.00-
  2  1 TRANSFER                              101001               200 000 00                        0.00

                                                                --------------  --------------
       TRANSACT  & BALANCE                                        200 000 00    200 000.00          0.00

101001   ****** CAPITAL INVESTED                    US$

  1  1 BROUGHT FORWARD                                             50 769 06
  1  1 1986 P/L  NET BALANCE                                                       7 915.18     42 853.88
  2  1 TRANSFER                              100001                              200 000.00    157 146.12-
 30  1 MGT FEES 4TH QAURTER 1986       5001 5600001                   388.64                   156 757.48-
 21  4 MGT FEES 1ST QUARTER 1987       6001 5600001                    98.22                   156 659.26-

                                                                --------------  --------------
       TRANSACT  & BALANCE                                         51 255.92    207 915.18    156 659.26-

101012   ****** CAPITAL INVESTED                    MFK

       TRANSACT. & BALANCE                -                             0.00          0.00          0.00
```

```
4231     AH/SUB  A/C # 3                                                        87 05 27  PAGE      2
         LEDGER                   FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA               DEBIT          CREDIT        BALANCE

         ****** ASSETS & LIABILITIES                 US$

526101   ****** FID  DEPOSIT - RNB                   US$

      TRANSACT  & BALANCE                                              0 00           0 00           0 00

526601   ****** FID  DEPOSIT - CREDIT SUISSE         US$

      TRANSACT  & BALANCE                                              0 00           0 00           0 00

550601   ****** SECURITIES - R N B                   US$

      TRANSACT  & BALANCE                                              0 00           0 00           0 00

550801   ****** SECURITIES - CAN  IMP  BK OF COMMER US$

  1  1 BROUGHT FORWARD            157000+                        157 000 00                    157 000 00
  8  1
       SALE                       157000- 8475 5600001                          157 000 00
  8  1
       INTEREST TO 30 03 87 AT 0 437      8475 5600001                              154 55
  8  1
       REVERSAL                           8475 5600001              154.55                           0 00
                                                            -------------- --------------

       TRANSACT. & BALANCE                                       157 154.55     157 154 55           0.00

551401   ****** SECURITIES - BEAR STEARNS            US$

       TRANSACT. & BALANCE                                            0.00           0 00           0 00
```

```
4231      AH/SUB  A/C # 3                                                                                87 05 27  PAGE      3
          LEDGER                        FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                       DOC NO CONTRA                          DEBIT          CREDIT        BALANCE

551801     ****** SECURITIES - MERRILL LYNCH           US$                                          II 02811

  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                      155000+18001 5600001                        155 000 00                      155 000 00
  8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION                    155000-18002 5600001                                       155 000 00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT             157325+18003 5600001                        157 325 00                      157 325 00
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT             158144+18005 5600001                        158 144 00
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                    157325-18004 5600001                                       157 325 00       158 144 00
                                                                              -------------- --------------
       TRANSACT  & BALANCE           158144+                                     470 469 00     312 325 00       158 144 00

552212     ****** SECURITIES - MORGAN STANLEY          MFK

       TRANSACT  & BALANCE                                                             0 00           0 00             0 00

556601     ****** FID  DEPOSIT - CREDIT SUISSE         US$

       TRANSACT  & BALANCE                                                             0.00           0 00             0.00

5600001    ****** CASH ACCOUNT                         US$

  1  1 BROUGHT FORWARD                77000-                                         146 12                           146 12
  8  1
       SALE                          157000+ 8475 08JCD                          157 000.00
  8  1
       INTEREST FM 30 1286 TO 08 01          8475 08JCD                              252 68
  8  1
       INTEREST TO 30 03.87 AT 0 437         8475 08JCD                              154 55
  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                      155000-18001 18JCDTO                                       155 000 00
  8  1
```

```
4231     AH/SUB  A/C # 3                                                                87 05 27  PAGE      4
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                       DEBIT        CREDIT      BALANCE
                                                                                        II 02812
600001  CASH ACCOUNT                                (SUITE)
      REVERSAL                           8475 08]CD                                       154 55
 8  1
      INTEREST TO 30 03 87 AT 0, 43      8475 08]CD                         154 55                     2 553 35
30  1 MGT FEES 4TH QAURTER 1986          5001 101001                                      388 64       2 164.71
 8  4  6 0000 EURO-CD TORONTO DOMINION
      REDEMPTION                 155000+18002 18]CDTO                   155 000 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                   155000+18002 18]CDTO                     2 325 00
 8  4  6 2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT          157325-18003 18]128A                                 157 325 00       2 164.71
21  4 MGT FEES 1ST QUARTER 1987          6001 101001                                       98.22       2 066 49
 8  5  6 8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT          158144-18005 18]189A                                 158 144 00
 8  5  6 2500 MERRILL LYNCH 8/5/87
      REDEMPTION                 157325+18004 18]128A                   157 325 00
 8  5 CREDIT INTEREST            157325+18004 772201                        819 40                     2 066 89

                                                                     -------------- --------------
      TRANSACT  & BALANCE        234181+                                473 177 30    471 110 41       2 066 89

600012   ###### CASH ACCOUNT                        MFK

      TRANSACT  & BALANCE                                                     0 00          0 00           0 00
```

```
4231     AH/SUB  A/C # 3                                                              87 05 27  PAGE      5
         LEDGER                   FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION               DOC NO CONTRA                     DEBIT          CREDIT       BALANCE

         ****** CHARGES                             US$

73701    ****** BANK CHARGES                        US$
      TRANSACT  & BALANCE                                                 0.00           0.00          0.00
```

N 02813

```
4231      AH/SUB  A/C # 3                                                         87 05 27  PAGE      6
          LEDGER                  FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                 DEBIT         CREDIT       BALANCE

          ****** INCOME                            US$

                                                                              || 02814
760601    ****** REAL  GAINS/LOSSES - R N B        US$

       TRANSACT  & BALANCE                                              0.00          0.00          0.00
760801    ****** REAL  GAINS/LOSSES - CIBC         US$

       TRANSACT  & BALANCE                                              0.00          0.00          0.00
761401    ****** REAL  GAINS/LOSSES - BEAR STEARNS US$

       TRANSACT  & BALANCE                                              0.00          0.00          0.00
762212    ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT  & BALANCE                                              0.00          0.00          0.00
771101    ****** INTEREST EARNED ON BONDS          US$

  8  1
       INTEREST FM 30 1286 TO 08 01     8475 5600001                                252.68
  8  1
       INTEREST TO 30 03 87 AT 0. 43    8475 5600001                                154.55       407.23-
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                   155000-18002 5600001                            2 325.00     2 732.23-
                                                                  --------------  --------------
       TRANSACT  & BALANCE        155000-                               0.00      2 732.23     2 732.23-
```

```
4231     AH/SUB  A/C # 3                                                                   87 05 27  PAGE      7
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                          DEBIT          CREDIT        BALANCE

/71212   ###### DIVIDENDS                            MFK

      TRANSACT  & BALANCE                                                         0 00            0 00           0.00

/72201   ###### INTEREST EARNED ON FTD               US$

 8  5 CREDIT INTEREST            157325-18004 5600001                                          819 40         819 40-
                                                                        -------------- --------------
      TRANSACT  & BALANCE        157325-                                          0 00          819 40         819.40-
```

II 02816

```
4231     AH/SUB  A/C # 3                                                          87 06 2[illegible] PAGE      8
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION               DOC NO CONTRA                        DEBIT           CREDIT       BALANCE

)        ****** TRANSIT ACCOUNTS                   US$

                                                                    *************** ***************
               GRAND TOTALS                                          1 352 056 77   1 352 056 77             0 00
                                                                    *************** ***************
```

```
4202      SCITECH TRADING GROUP INC                                              87 05 27  PAGE      1
          LEDGER                        FROM 01 01 87 TO 31 05 87

A/C     NAME & DESCRIPTION                DOC NO CONTRA                  DEBIT  II 02812 CREDIT      BALANCE

          TRANSIT ACCOUNT                              (SUITE)

           ****** CAPITAL                              US$


00001      ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

  1  1 BROUGHT FORWARD                                         46 473 65+                   59 123 78     59 123 78-
  2  1 TRANSFER                             101001                           59 123 78                         0.00
                                                                         -------------- --------------
       TRANSACT  & BALANCE                                     46 473 65+    59 123 78      59 123 78          0.00

01001      ****** CAPITAL INVESTED                     US$

  1  1 BROUGHT FORWARD             1-                         163 089 01-                  104 030 58
  1  1 1986 P/L  NET BALANCE                                                                26 982 89    131 013.47-
  2  1 TRANSFER                             100001                                          59 123 78    190 137.25-
 30  1 MGT FEES 4TH QAURTER 1986        5001 5600001                            648 33                   189 488 92-
 21  4 MGT FEES 1ST QUARTER 1987        6001 5600001                            118 79                   189 370.13-
                                                                         -------------- --------------
       TRANSACT  & BALANCE         1-                         163 089 01-       767 12     190 137 25    189 370 13-

01017      ****** CAPITAL INVESTED                     HK$

  1  1 BROUGHT FORWARD                                         20 906 16+    27 648 51
  1  1 1986 P/L  NET BALANCE                                                                27 648.51          0.00
                                                                         -------------- --------------
       TRANSACT  & BALANCE                                     20 906 16+    27 648 51      27 648 51          0 00
```

```
4202     SCITECH TRADING GROUP INC                                                      87 05 27  PAGE      2
         LEDGER                     FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                    DEBIT        CREDIT      BALANCE
```

H 02618

```
        LEDGER                 FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION              DOC NO CONTRA                      DEBIT         CREDIT        BALANCE

          ****** ASSETS & LIABILITIES               US$

525801    ****** FID  DEPOSIT - CREDIT LYONNAIS     US$                          H 02819

       TRANSACT  & BALANCE                                                 0 00           0 00           0 00
526101    ****** FID  DEPOSIT - RNB                 US$

       TRANSACT  & BALANCE                                                 0 00           0 00           0 00
526601    ****** FID  DEPOSIT - CREDIT SUISSE       US$

       TRANSACT  & BALANCE                                                 0 00           0 00           0 00
550801    ****** SECURITIES - CAN  IMP  BK OF COMMER US$

  1  1 BROUGHT FORWARD           190000+                              190 000 00                   190 000 00
  8  1
       SALE                      190000- 8475 5600001                             190 000 00
  8  1
       INTEREST TO 30 03 87 AT 0 437     8475 5600001                                 187 03
  8  1
       REVERSAL                          8475 5600001                     187 03                         0 00

                                                                   -------------- --------------
       TRANSACT  & BALANCE                                            190 187 03     190 187 03          0 00
551401    ****** SECURITIES - BEAR STEARNS          US$

       TRANSACT  & BALANCE                                                 0 00           0 00           0 00
```

475

```
A/C    NAME & DESCRIPTION                DOC NO CONTRA                           DEBIT        CREDIT       BALANCE

551801     ****** SECURITIES - MERRILL LYNCH          US$

 8   1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE               190000+18001 5600001                        190 000 00                  190 000.00
 8   4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION             190000-18002 5600001                                     190 000 00
 8   4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT      192850+18003 5600001                        192 850 00                  192 850.00
 8   5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT      193854+18005 5600001                        193 854 00
 8   5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION             192850-18004 5600001                                     192 850 00     193 854.00
                                                                      -------------- --------------
       TRANSACT  & BALANCE    193854+                                     576 704 00   382 850 00     193 854 00

552417     ****** SECURITIES - REED STENHOUSE         HK$

       TRANSACT  & BALANCE                                                      0 00         0 00           0.00

552701     ****** SECURITIES - STRAUSS TURNBULL       US$

       TRANSACT  & BALANCE                                                      0.00         0 00           0.00

5600001    ****** CASH ACCOUNT                        US$

 1   1 BROUGHT FORWARD        114799-                    116 615 36+          137.25                         137 25
 8   1
       SALE                   190000+ 8475 08JCD                          190 000.00
 8   1
       INTEREST FM 30 1286 TO 08 01    8475 08JCD                             305 78
 8   1
       INTEREST TO 30 03 87 AT 0.437   8475 08JCD                             187 03
 8   1  6.0000 EURO-CD TORONTO DOMINION
       PURCHASE               190000-18001 18JCDTO                                     190 000.00
 8   1
 4202     SCITECH TRADING GROUP INC                                                     87 05 27  PAGE       5
          LEDGER                      FROM 01 01 87 TO 31 05 87

 A/C   NAME & DESCRIPTION                DOC NO CONTRA                         DEBIT        CREDIT      BALANCE

5600001  CASH ACCOUNT                                (SUITE)
       REVERSAL                          8475 08JCD                                        187 03
  8  1
       INTEREST TO 30.03.87 AT 0. 43     8475 08JCD                           187.03                      630.06
 30  1 MGT FEES 4TH GAURTER 1986         5001 101001                                       648.33          18.27-
  8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION                190000+18002 18JCDTO                     190 000.00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                  190000+18002 18JCDTO                       2 850.00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT         192850-18003 18J128A                                  192 850.00          18.27-
 21  4 MGT FEES 1ST QUARTER 1987         6001 101001                                       118 79         137.06-
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT         193854-18005 18J189A                                  193 854.00
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                192850+18004 18J128A                     192 850.00
  8  5 CREDIT INTEREST           192850+18004 772201                        1 004 42                      136.64-
                                                                      -------------- --------------
       TRANSACT  & BALANCE       264197+                  116 615 36+     577 521 51     577 658.15       136.64-

5600017   ###### CASH ACCOUNT                       HK$

  1  1 BROUGHT FORWARD            10000+                   20 906 16-           0.00                        0.00
                                                                      -------------- --------------
       TRANSACT  & BALANCE        10000+                   20 906 16-           0.00           0.00         0 00
```

```
4202    SCITECH TRADING GROUP INC                                                        87 05 27  PAGE      6
        LEDGER                      FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION               DOC NO CONTRA                      DEBIT          CREDIT         BALANCE

        ■■■■■■ CHARGES                              US$

673701  ■■■■■■ BANK CHARGES                         US$
       TRANSACT  & BALANCE                                                  0 00           0 00            0 00
```

```
4202    SCITECH TRADING GROUP INC                                                        87 05 27  PAGE      7
        LEDGER                        FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT         CREDIT       BALANCE

7       ****** INCOME                                   US$

761401  ****** REAL  GAINS/LOSSES - BEAR STEARNS   US$

      TRANSACT  & BALANCE                                                       0 00           0 00          0 00

762417  ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$

      TRANSACT  & BALANCE                                                       0 00           0 00          0 00

762701  ****** REAL  GAINS/LOSSES - ST  TURNBULL   US$

      TRANSACT  & BALANCE                                                       0 00           0 00          0 00

771101  ****** INTEREST EARNED ON BONDS            US$

  8  1
      INTEREST FM 30 1286 TO 08 01        8475 5600001                                       305 78
  8  1
      INTEREST TO 30 03 87 AT 0. 43       8475 5600001                                       187 03        492 81-
  8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                    190000-18002 5600001                                     2 850 00      3 342 81-

                                                                            --------------  --------------
      TRANSACT  & BALANCE         190000-                                       0 00       3 342 81      3 342 81-

771201  ****** DIVIDENDS                                US$

      TRANSACT  & BALANCE                                                       0 00           0 00          0 00
```

```
4202     SCITECH TRADING GROUP INC                                                          87 05 27  PAGE       8
         LEDGER                      FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT         CREDIT       BALANCE

72201    ****** INTEREST EARNED ON FTD              US$

 8  5 CREDIT INTEREST          192850-18004 5600001                                        1 004 42      1 004 42-
86
                                                                        -------------- --------------
      TRANSACT  & BALANCE      192850-                                            0 00       1 004 42      1 004 42-
                                                                        ************** **************
              GRAND TOTALS                                                 1 431 951 95  1 431 951 95          0 00

                                                                        ************** **************
```

|| 02824

82-684 O-88-17

```
4201     KOREL ASSETS                                                                                      87 05 27  PAGE      1
         LEDGER                        FROM 01 01 87 TO 31 05 87

 A/C    NAME & DESCRIPTION                      DOC NO CONTRA                           DEBIT          CREDIT        BALANCE

 1           ****** CAPITAL                                US$                       II 02825

100000       ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS      FS

  1  1 BROUGHT FORWARD                                                               8 000 00                        8 000 00
  2  1 TRANSFER                                  101000                                             8 000 00          0 00
                                                                                --------------  --------------
       TRANSACT  & BALANCE                                                           8 000 00        8 000 00          0 00

100001       ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS      US$

  1  1 BROUGHT FORWARD                                                                            562 775 03      562 775 03-
  2  1 TRANSFER                                  101001                            562 775 03                          0 00
                                                                                --------------  --------------
       TRANSACT  & BALANCE                                                         562 775 03     562 775 03           0 00

101000       ****** CAPITAL INVESTED                       FS

  1  1 BROUGHT FORWARD                                             824 200 54+      14 348 66
  1  1 1986 P/L  NET BALANCE                                                                       22 348 66        8 000 00-
  2  1 TRANSFER                                  100000                              8 000 00                          0 00
                                                                                --------------  --------------
       TRANSACT. & BALANCE                                         824 200 54+      22 348 66      22 348 66           0 00

101001       ****** CAPITAL INVESTED                       US$

  1  1 BROUGHT FORWARD              235626-                        933 348 66-                    819 891 06
  1  1 1986 P/L  NET BALANCE                                                                      164 369 66      984 260 72-
  2  1 TRANSFER                                  100001                                           562 775 03    1 547 035 75-
 30  1 MGT FEES 4TH QAURTER 1986            5001 5600001                             3 142 75                   1 543 893 00-
 21  4 MGT FEES 1ST QUARTER 1987            6001 5600001                               967 17                   1 542 925 83-
```

li 02826

```
4201      KOREL ASSETS                                                              87 05 27  PAGE      2
          LEDGER                     FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                  DOC NO CONTRA                       DEBIT          CREDIT       BALANCE

101001   CAPITAL INVESTED                               (SUITE)
                                                                     -------------- --------------
       TRANSACT  & BALANCE        235626-              933 348.66-      4 109.92  1 547 035.75   1 542 925.83-

101003      ****** CAPITAL INVESTED                     DM

  1   1 BROUGHT FORWARD                                  3 445.45-        216.01
  1   1 1986 P/L  NET BALANCE                                                          216.01          0.00
                                                                     -------------- --------------
       TRANSACT  & BALANCE                               3 445.45-        216.01        216.01          0.00

101010      ****** CAPITAL INVESTED                     YEN

  1   1 BROUGHT FORWARD                                  2 892.13-     35 953.50
  1   1 1986 P/L  NET BALANCE                                                       35 953.50          0.00
                                                                     -------------- --------------
       TRANSACT  & BALANCE                               2 892.13-     35 953.50     35 953.50          0.00

101012      ****** CAPITAL INVESTED                     MFK

  1   1 BROUGHT FORWARD                                  8 493.20-                   40 285.70
  1   1 1986 P/L. NET BALANCE                                          40 285.70                       0.00
                                                                     -------------- --------------
       TRANSACT. & BALANCE                               8 493.20-     40 285.70     40 285.70          0.00

101017      ****** CAPITAL INVESTED                     HK$

  1   1 BROUGHT FORWARD                                 20 906.16+     27 648.51
  1   1 1986 P/L. NET BALANCE                                                       27 648.51          0.00
                                                                     -------------- --------------
       TRANSACT. & BALANCE                              20 906.16+     27 648.51     27 648.51          0.00
```

```
4201     KOREL ASSETS                                                                     87 05 27  PAGE      3
         LEDGER                      FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                      DEBIT            CREDIT        BALANCE

101020   ****** CAPITAL INVESTED                      $AU

 1  1 BROUGHT FORWARD                                          772.56-                   1 357 42
 1  1 1986 P/L  NET BALANCE                                             1 357 42                              0.00
                                                                     -------------- --------------
      TRANSACT  & BALANCE                                      772.56-  1 357 42         1 357 42             0.00
```

```
4201     KOREL ASSETS
         LEDGER
                                      FROM 01 01 87 TO 31 05 87                        87 05 27  PAGE      4
A/C.  NAME & DESCRIPTION                   DOC.NO CONTRA
                                                                         DEBIT          CREDIT        BALANCE
 5         ****** ASSETS & LIABILITIES                US$

515300     ****** LOANS RECEIVABLE                    FS
        TRANSACT  & BALANCE                                               0.00            0.00           0.00
517401     ****** PRIVATE INVESTMENTS RECEIVABLE      US$
        TRANSACT  & BALANCE                                               0.00            0.00           0.00
525601     ****** FID  DEPOSIT - CONTINENTAL BANK     US$
        TRANSACT  & BALANCE                                               0.00            0.00           0.00
526101     ****** FID  DEPOSIT - RNB                  US$
        TRANSACT  & BALANCE                                               0.00            0.00           0.00
526601     ****** FID  DEPOSIT - CREDIT SUISSE        US$
        TRANSACT  & BALANCE                                               0.00            0.00           0.00
550300     ****** SECURITIES - GUTZWILLER             FS
        TRANSACT  & BALANCE                                               0.00            0.00           0.00
550801     ****** SECURITIES - CAN  IMP  BK OF COMMER US$
  1  1 BROUGHT FORWARD            1546000+
  8  1                                                            1 546 000.00                   1 546 000.00
       SALE                       1546000- 8475 5600001
  8  1                                                                        1 546 000.00
       INTEREST TO 30.03.87 AT 0.437       8475 5600001
  8  1                                                                            1 521.85
       REVERSAL                            8475 5600001               1 521.85
                                                                                                         0.00
```

```
4201     KOREL ASSETS                                                                      87 05 27  PAGE     5
         LEDGER                          FROM 01 01 87 TO 31 05 87
                                                                                    || 02629
A/C.  NAME & DESCRIPTION                       DOC NO CONTRA                 DEBIT          CREDIT       BALANCE

550801   SECURITIES - CAN  IMP  BK OF CO                  (SUITE)

                                                                     -------------- --------------
      TRANSACT  & BALANCE                                             1 547 521 85   1 547 521 85         0 00

550900    ****** SECURITIES - CREDIT SUISSE            FS

      TRANSACT  & BALANCE                                                     0 00           0 00         0 00

551301    ****** SECURITIES - ROSE & COMPANY           US$

      TRANSACT. & BALANCE                                                     0 00           0 00         0 00

551401    ****** SECURITIES - BEAR STEARNS             US$

      TRANSACT  & BALANCE                                                     0 00           0 00         0 00

551510    ****** SECURITIES - NIKKO                    YEN

      TRANSACT  & BALANCE                                                     0 00           0 00         0 00

551600    ****** SECURITIES - NOMURA                   FS

      TRANSACT. & BALANCE                                                     0.00           0 00         0.00

551601    ****** SECURITIES - NOMURA                   US$

      TRANSACT. & BALANCE                                                     0.00           0 00         0 00

551610    ****** SECURITIES - NOMURA                   YEN

      TRANSACT. & BALANCE                                                     0.00           0.00         0.00
```

```
4201     KOREL ASSETS                                                             02839 27  PAGE      6
         LEDGER                   FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                     DEBIT          CREDIT         BALANCE

551800     ****** SECURITIES - MERRILL LYNCH        FS

      TRANSACT  & BALANCE                                                    0.00            0.00            0.00

551801     ****** SECURITIES - MERRILL LYNCH        US$

  8  1  6 0000 EURO-CD TORONTO DOMINION
      PURCHASE               1540000+18001 5600001                 1 540 000.00                   1 540 000.00
  8  4  6 0000 EURO-CD TORONTO DOMINION
      REDEMPTION             1540000-18002 5600001                                1 540 000.00
  8  4  6 2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT      1563100+18003 5600001                 1 563 100.00                   1 563 100.00
  8  5  6 8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT      1571241+18005 5600001                 1 571 241.00
  8  5  6 2500 MERRILL LYNCH 8/5/87
      REDEMPTION             1563100-18004 5600001                                1 563 100.00    1 571 241.00
                                                                  -------------- --------------
      TRANSACT  & BALANCE    1571241+                              4 674 341.00   3 103 100.00    1 571 241.00

552010     ****** SECURITIES - WAKO                 YEN

      TRANSACT  & BALANCE                                                    0.00            0.00            0.00

552100     ****** SECURITIES - DAIWA SECURITIES     FS

      TRANSACT  & BALANCE                                                    0.00            0.00            0.00

552110     ****** SECURITIES - DAIWA                YEN

      TRANSACT  & BALANCE                                                    0.00            0.00            0.00
```

486

```
4201     KOREL ASSETS                                                             87 05 27  PAGE      7
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                  DOC.NO CONTRA                      DEBIT           CREDIT         BALANCE

552201     ****** SECURITIES - MORGAN STANLEY         US$

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

552212     ****** SECURITIES - MORGAN STANLEY         MFK

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

552220     ****** SECURITIES - MORGAN STANLEY         $AU

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

552417     ****** SECURITIES - REED STENHOUSE         HK$

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

552420     ****** SECURITIES - REED STENHOUSE         $AU

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

552701     ****** SECURITIES - STRAUSS TURNBULL       US$

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

552703     ****** SECURITIES - STRAUSS TURNBULL       DM

       TRANSACT  & BALANCE                                                     0.00             0.00            0.00

5600000    ****** CASH ACCOUNT                        FS

  1  1 BROUGHT FORWARD          195000+             824 200.54-            0.00                             0.00
                                                                     -------------- --------------
       TRANSACT  & BALANCE      195000+             824 200.54-            0.00             0.00            0.00
```

02832

```
4201     KOREL ASSETS
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

600001   ****** CASH ACCOUNT                               US$

 1  1 BROUGHT FORWARD            584076-                933 348.66+      1 035 75                        1 035.75
 8  1
      SALE                       1546000+ 8475 08JCD               1 546 000.00
 8  1
      INTEREST FM 30 1286 TO 08 01        8475 08JCD                   2 488.09
 8  1
      INTEREST TO 30 03 87 AT 0.437       8475 08JCD                   1 521 85
 8  1  6.0000 EURO-CD TORONTO DOMINION
      PURCHASE                   1540000-18001 18JCDTO                            1 540 000.00
 8  1
      REVERSAL                            8475 08JCD                                   1 521.85
 8  1                                                                                             11 045.69
      INTEREST TO 30 03.87 AT 0. 43       8475 08JCD                   1 521 85
30  1 MGT FEES 4TH QAURTER 1986           5001 101001                                  3 142.75     7 902.94
 8  4  6.0000 EURO-CD TORONTO DOMINION
      REDEMPTION                 1540000+18002 18JCDTO             1 540 000.00
 8  4  6.0000 EURO-CD TORONTO DOMINION
      INTEREST                   1540000+18002 18JCDTO                23 100.00
 8  4  6.2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT          1563100-18003 18J128A                            1 563 100.00      7 902.94
21  4 MGT FEES 1ST QUARTER 1987           6001 101001                                    967.17     6 935.77
 8  5  6.8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT          1571241-18005 18J189A                            1 571 241 00
 8  5  6.2500 MERRILL LYNCH 8/5/87
      REDEMPTION                 1563100+18004 18J128A             1 563 100.00
 8  5 CREDIT INTEREST            1563100+18004 772201                  8 141.15                     6 935.92
                                                                  -------------- --------------
      TRANSACT. & BALANCE        2493783+               933 348 66+ 4 686 908.69 4 679 972.77       6 935.92
```

```
4201     KOREL ASSETS                                                  II 02833 87 05 27  PAGE      9
         LEDGER                      FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                          DEBIT          CREDIT       BALANCE

5600003   ****** CASH ACCOUNT                       DM

       TRANSACT  & BALANCE                                                        0 00            0 00          0 00

5600010   ****** CASH ACCOUNT                       YEN

 1  1 BROUGHT FORWARD          401500+                      2 892 13+             0 00                          0 00
                                                                         -------------- --------------
       TRANSACT  & BALANCE     401500+                      2 892 13+             0 00            0 00          0 00

5600012   ****** CASH ACCOUNT                       MFK

       TRANSACT  & BALANCE                                                        0 00            0 00          0 00

5600017   ****** CASH ACCOUNT                       HK$

 1  1 BROUGHT FORWARD            10000+                    20 906 16-             0 00                          0 00
                                                                         -------------- --------------
       TRANSACT  & BALANCE       10000+                    20 906 16-             0 00            0 00          0 00

5600020   ****** CASH ACCOUNT                       $AU

       TRANSACT  & BALANCE                                                        0 00            0 00          0 00

5600300   ****** CSF INVOICES                       FS

       TRANSACT. & BALANCE                                                        0 00            0 00          0 00
```

489

```
4201     KOREL ASSETS                                                          87 05 27  PAGE     10
         LEDGER                              FROM 01 01 87 TO 31 05 87
A/C   NAME & DESCRIPTION                        DOC.NO CONTRA                  DEBIT       CREDIT      BALANCE

4        ###### CHARGES                                  US$

473701   ###### BANK CHARGES                             US$
      TRANSACT. & BALANCE                                                       0.00         0.00          0.00
473710   ###### BANK CHARGES                             YEN
      TRANSACT. & BALANCE                                                       0.00         0.00          0.00
```

```
4201     KOREL ASSETS
         LEDGER
A/C.  NAME & DESCRIPTION                        FROM 01 01 87 TO 31 05 87          N 02835   87 05 27  PAGE      11
                                                    DOC.NO CONTRA
  /        ****** INCOME                                                            DEBIT         CREDIT       BALANCE
                                                              US$
760900    ****** REAL. GAINS/LOSSES - CREDIT SUISSE  FS
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00
761301    ****** REAL. GAINS/LOSSES - ROSE & CO.     US$
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00
761401    ****** REAL. GAINS/LOSSES - BEAR STEARNS   US$
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00
761510    ****** REAL. GAINS/LOSSES - NIKKO          YEN
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00
761600    ****** REAL. GAINS/LOSSES - NOMURA         FS
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00
761601    ****** REAL. GAINS/LOSSES - NOMURA         US$
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00
761610    ****** REAL. GAINS/LOSSES - NOMURA         YEN
          TRANSACT. & BALANCE                                                         0.00          0.00          0.00

                                                                                      0.00          0.00          0.00
```

4201 KOREL ASSETS
LEDGER

FROM 01 01 87 TO 31 05 87

li 02836

87 05 27 PAGE 12

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
761800	****** REAL GAINS/LOSSES - MERRILL LYNCH FS				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762010	****** REAL. GAINS/LOSSES - WAKO SECURITIE YEN				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762110	****** REAL. GAINS/LOSSES - DAIWA YEN				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762201	****** REAL. GAINS/LOSSES - MORGAN STANLEY US$				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762212	****** REAL. GAINS/LOSSES - MORGAN STANLEY MFK				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762220	****** REAL. GAINS/LOSSES - MORGAN STANLEY $AU				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762417	****** REAL. GAINS/LOSSES - REED STENHOUSE HK$				
	TRANSACT. & BALANCE		0.00	0.00	0.00
762420	****** REAL. GAINS/LOSSES - REED STENHOUSE $AU				
	TRANSACT. & BALANCE		0.00	0.00	0.00

```
A/C     NAME & DESCRIPTION                   DOC NO CONTRA                          DEBIT          CREDIT        BALANCE

762701     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$

        TRANSACT  & BALANCE                                                          0.00            0.00           0.00

762703     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU DM

        TRANSACT  & BALANCE                                                          0.00            0.00           0.00

771100     ****** INTEREST EARNED ON BONDS            FS

        TRANSACT  & BALANCE                                                          0.00            0.00           0.00

771101     ****** INTEREST EARNED ON BONDS            US$

  8  1
        INTEREST FM 30 1286 TO 08 01       8475 5600001                                          2 488 09
  8  1
        INTEREST TO 30.03 87 AT 0. 43      8475 5600001                                          1 521.85       4 009.94-
  8  4   6.0000 EURO-CD TORONTO DOMINION
        INTEREST                  1540000-18002 5600001                                         23 100.00      27 109.94-
                                                                              -------------- -------------
        TRANSACT  & BALANCE       1540000-                                           0.00       27 109.94      27 109.94-

771103     ****** INTEREST EARNED ON BONDS            DM

        TRANSACT. & BALANCE                                                          0.00            0.00           0.00

771110     ****** INTEREST EARNED ON BONDS            YEN

        TRANSACT. & BALANCE                                                          0.00            0.00           0.00
```

```
4201     KOREL ASSETS                                                     87 05 27  PAGE     14
         LEDGER                      FROM 01 01 87 TO 31 05 87   || 02838
A/C    NAME & DESCRIPTION                 DOC NO CONTRA                    DEBIT        CREDIT       BALANCE

771120    ****** INTEREST EARNED ON BONDS            $AU
       TRANSACT. & BALANCE                                                  0.00          0.00          0.00
771201    ****** DIVIDENDS                           US$
       TRANSACT. & BALANCE                                                  0.00          0.00          0.00
771210    ****** DIVIDENDS                           YEN
       TRANSACT. & BALANCE                                                  0.00          0.00          0.00
771212    ****** DIVIDENDS                           MFK
       TRANSACT. & BALANCE                                                  0.00          0.00          0.00
772100    ****** INTEREST EARNED ON LOANS            FS
       TRANSACT. & BALANCE                                                  0.00          0.00          0.00
772201    ****** INTEREST EARNED ON FTD              US$
 8  5 CREDIT INTEREST           1563100-18004 5600001                                 8 141.15      8 141.15-
                                                                     -------------- --------------
       TRANSACT. & BALANCE      1563100-                                    0.00      8 141.15      8 141.15-
772301    ****** INCOME ON INVESTMENTS               US$
       TRANSACT. & BALANCE                                                  0.00          0.00          0.00
```

4201 KOREL ASSETS 87 03 27 PAGE 15
LEDGER FROM 01 01 87 TO 31 05 87

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

```
4201     KOREL ASSETS                                                                           87 05 27  PAGE     16
         LEDGER                       FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                DOC NO CONTRA                            DEBIT         CREDIT      BALANCE

         ****** TRANSIT ACCOUNT                          US$

                                                                        ************** **************
               GRAND TOTALS                                             11 611 466 29 11 611 466 29          0.00

                                                                        ************** **************
```

```
4227     B  BUTTON                                                                          87 05 27  PAGE      1
         LEDGER                     FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                         DEBIT          CREDIT       BALANCE

              ****** CAPITAL                             US$                        H 02641

100001        ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

   1   1 BROUGHT FORWARD                                                                    200 000.00    200 000.00-
   2   1 TRANSFER                                101001                     200 000.00                          0.00
                                                                         -------------- --------------
         TRANSACT  & BALANCE                                                200 000.00     200 000.00           0.00

101001        ****** CAPITAL INVESTED                    US$

   1   1 BROUGHT FORWARD                                        5 739.84-     2 339.13
   1   1 1986 P/L  NET BALANCE                                 56 900.00-                    14 329.84     11 990.71-
   2   1 TRANSFER                                100001                                     200 000.00    211 990.71-
  30   1 MGT FEES 4TH QAURTER 1986        5001 5600001                          520.87                    211 469.84-
  21   4 MGT FEES 1ST QUARTER 1987        6001 5600001                          132.50                    211 337.34-
                                                                         -------------- --------------
         TRANSACT  & BALANCE                                   62 639.84-     2 992.50      214 329.84    211 337.34-

101012        ****** CAPITAL INVESTED                    MFK

   1   1 BROUGHT FORWARD                                        1 061.65-                     5 035.72
   1   1 1986 P/L  NET BALANCE                                                5 035.72                          0.00
                                                                         -------------- --------------
         TRANSACT. & BALANCE                                    1 061.65-     5 035.72        5 035.72          0.00

101017        ****** CAPITAL INVESTED                    HK$

   1   1 BROUGHT FORWARD                                        1 486.31+     1 436.73
   1   1 1986 P/L  NET BALANCE                                                                1 436.73          0.00
                                                                         -------------- --------------
         TRANSACT  & BALANCE                                    1 486.31+     1 436.73        1 436.73          0.00
```

```
4227     B. BUTTON
         LEDGER
                                      FROM 01 01 87 TO 31 05 87                     87 05 27  PAGE     2
A/C    NAME & DESCRIPTION
                                        DOC.NO CONTRA
                                                                          DEBIT         CREDIT       BALANCE
101020    ****** CAPITAL INVESTED
                                                      $AU                          II 02842
 1   1 BROUGHT FORWARD
 1   1 1986 P/L  NET BALANCE
                                                              273.98-
                                                                                        819.20
                                                                          819.20
      TRANSACT  & BALANCE                                                                            0.00
                                                                       -------------  -------------
                                                              273.98-     819.20        819.20
                                                                                                     0.00
```

```
4227     B. BUTTON                                                                     87 05 27  PAGE      3
         LEDGER                      FROM 01 01 87 TO 31 05 87

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                 DEBIT          CREDIT        BALANCE

5        ****** ASSETS & LIABILITIES               US$

517401   ****** PRIVATE INVESTMENTS RECEIVABLE     US$

      TRANSACT. & BALANCE                                                 0.00           0.00           0.00
526101   ****** FID. DEPOSIT - R.N.B.              US$

      TRANSACT. & BALANCE                                                 0.00           0.00           0.00
526601   ****** FID. DEPOSIT - CREDIT SUISSE       US$

      TRANSACT. & BALANCE                                                 0.00           0.00           0.00
550801   ****** SECURITIES - CAN. IMP. BK OF COMMER US$

  1  1 BROUGHT FORWARD          211000+                             211 000.00                    211 000.00
  8  1
       SALE                     211000- 8475 5600001                              211 000.00
  8  1
       INTEREST TO 30.03.87 AT 0.437    8475 5600001                                  207.70
  8  1
       REVERSAL                         8475 5600001                    207.70                          0.00
                                                                 -------------- --------------
       TRANSACT. & BALANCE                                          211 207.70     211 207.70           0.00
551401   ****** SECURITIES - BEAR STEARNS          US$

       TRANSACT. & BALANCE                                                0.00           0.00           0.00
```

```
4227    B. BUTTON                                                                87 05 27  PAGE     4
        LEDGER                     FROM 01 01 87 TO 31 05 87

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                DEBIT         CREDIT        BALANCE

551801    ****** SECURITIES - MERRILL LYNCH          US$

 8  1  6.0000 EURO-CD TORONTO DOMINION
      PURCHASE                 210000+18001 5600001              210 000.00                    210 000.00
 8  4  6.0000 EURO-CD TORONTO DOMINION
      REDEMPTION               210000-18002 5600001                            210 000.00
 8  4  6.2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT        213150+18003 5600001              213 150.00                    213 150.00
 8  5  6.8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT        214262+18005 5600001              214 262.98
 8  5  6.2500 MERRILL LYNCH 8/5/87
      REDEMPTION               213150-18004 5600001                            213 150.00      214 262.98
                                                              -------------- --------------
      TRANSACT. & BALANCE      214262+                           637 412.98    423 150.00      214 262.98

552201    ****** SECURITIES - MORGAN STANLEY         US$

      TRANSACT. & BALANCE                                              0.00          0.00            0.00

552212    ****** SECURITIES - MORGAN STANLEY         MFK

      TRANSACT. & BALANCE                                              0.00          0.00            0.00

552417    ****** SECURITIES - REED STENHOUSE         HK$

      TRANSACT. & BALANCE                                              0.00          0.00            0.00

552420    ****** SECURITIES - REED STENHOUSE         $AU

      TRANSACT. & BALANCE                                              0.00          0.00            0.00
```

```
4227     B  BUTTON                                                                      87 05 27  PAGE      5
         LEDGER                         FROM 01 01 87 TO 31 05 87

A/C.   NAME & DESCRIPTION                  DOC.NO CONTRA                           DEBIT       CREDIT        BALANCE

552701    ****** SECURITIES  - STRAUSS TURNBULL      US$

       TRANSACT. & BALANCE                                                          0.00          0.00           0.00

5600001   ****** CASH ACCOUNT                        US$

  1  1 BROUGHT FORWARD          185500-                   62 639.84+              990.71                       990.71
  8  1
       SALE                     211000+ 8475 08JCD                            211 000.00
  8  1
       INTEREST FM 30 1286 TO 08.01.    8475 08JCD                                339.58
  8  1
       INTEREST TO 30.03.87 AT 0.437    8475 08JCD                                207.70
  8  1  6.0000 EURO-CD TORONTO DOMINION
       PURCHASE                 210000-18001 18JCDTO                                       210 000.00
  8  1
       REVERSAL                         8475 08JCD                                             207.70
  8  1
       INTEREST TO 30.03.87 AT 0. 43    8475 08JCD                                207.70                     2 537.99
 30  1 MGT FEES 4TH QAURTER 1986        5001 101001                                            520.87       2 017.12
  8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION               210000+18002 18JCDTO                          210 000.00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                 210000+18002 18JCDTO                            3 150.00
  8  4  6.2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT        213150-18003 18J128A                                       213 150.00       2 017.12
 21  4 MGT FEES 1ST QUARTER 1987        6001 101001                                            132.50       1 884.62
  8  5  6.8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT        214262-18005 18J189A                                       214 262.98
  8  5  6.2500 MERRILL LYNCH 8/5/87
       REDEMPTION               213150+18004 18J128A                          213 150.00
  8  5 CREDIT INTEREST          213150+18004 772201                             1 110.15                     1 881.79
                                                                          -------------- --------------
       TRANSACT  & BALANCE      234388+                   62 639.84+      640 155.84   638 274.05           1 881.79
```

```
4227     B  BUTTON                                                                  87 05 27  PAGE      6
         LEDGER                   FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION              DOC NO CONTRA                        DEBIT         CREDIT       BALANCE

600012   ****** CASH ACCOUNT                     MFK

      TRANSACT  & BALANCE                                                   0.00          0.00          0.00

600017   ****** CASH ACCOUNT                     HK$

  1  1 BROUGHT FORWARD            750+                     1 486 31-        0 00                        0 00
                                                                     -------------- --------------
      TRANSACT  & BALANCE         750+                     1 486 31-        0 00          0 00          0 00

600020   ****** CASH ACCOUNT                     $AU

      TRANSACT  & BALANCE                                                   0 00          0 00          0 00
```

H 02846

```
4227     B  BUTTON                                                        87 05 27  PAGE      7
         LEDGER                   FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION               DOC NO CONTRA                DEBIT          CREDIT        BALANCE

         ****** CHARGES                           US$

673701   ****** BANK CHARGES                      US$
      TRANSACT  & BALANCE                                           0 00           0.00           0.00
```

02847

```
4227     B  BUTTON                                                                  87 05 27  PAGE      8
         LEDGER                          FROM 01 01 87 TO 31 05 87

A/C    NAME & DESCRIPTION                       DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

         ****** INCOME                                          US$                II 02845

/60801   ****** REAL  GAINS/LOSSES - CIBC                       US$

       TRANSACT  & BALANCE                                                          0 00            0 00           0.00
/61401   ****** REAL  GAINS/LOSSES - BEAR STEARNS               US$

       TRANSACT  & BALANCE                                                          0 00            0 00           0.00
/62201   ****** REAL  GAINS/LOSSES - MORGAN STANLEY US$

       TRANSACT  & BALANCE                                                          0 00            0 00           0 00
/62212   ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT  & BALANCE                                                          0 00            0 00           0 00
/62417   ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$

       TRANSACT  & BALANCE                                                          0 00            0 00           0 00
/62420   ****** REAL  GAINS/LOSSES - REED STENHOUSE $AU

       TRANSACT  & BALANCE                                                          0 00            0 00           0 00
/62701   ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$

       TRANSACT  & BALANCE                                                          0 00            0 00           0.00
```

```
4227     D. BUTTON                                                                        87 05 27  PAGE      9
         LEDGER                    FROM 01 01 87 TO 31 05 87

A/C   NAME & DESCRIPTION                DOC NO CONTRA                   DEBIT        CREDIT       BALANCE

771101    ****** INTEREST EARNED ON BONDS          US$
                                                                             H 02849
  8  1
      INTEREST FM 30.1286 TO 08.01.      8475 5600001                                  339.58
  8  1
      INTEREST TO 30.03.87 AT 0.43       8475 5600001                                  207.70       547.28-
  8  4  6.0000 EURO-CD TORONTO DOMINION
      INTEREST               210000-18002 5600001                                    3 150.00     3 697.28-
                                                                   -------------- --------------
      TRANSACT  & BALANCE    210000-                                        0.00     3 697.28     3 697.28-

771201    ****** DIVIDENDS                         US$

      TRANSACT  & BALANCE                                                   0.00         0.00          0.00

771212    ****** DIVIDENDS                         MFK

      TRANSACT  & BALANCE                                                   0.00         0.00          0.00

772201    ****** INTEREST EARNED ON FTD            US$

  8  5 CREDIT INTEREST       213150-18004 5600001                                    1 110.15     1 110.15-
                                                                   -------------- --------------
      TRANSACT. & BALANCE    213150-                                        0.00     1 110.15     1 110.15-

772301    ****** INCOME ON INVESTMENTS             US$

      TRANSACT. & BALANCE                                                   0.00         0.00          0.00
```

```
 4064     HAKIM ALBERT                                                                 87 05 29  PAGE     10
          LEDGER                      FROM 01 01 87 TO 30 06 87

 A/C    NAME & DESCRIPTION               DOC NO CONTRA                       DEBIT         CREDIT       BALANCE

 9          ****** TRANSIT ACCOUNTS                   US$

 900100     ****** TRANSIT ACCOUNT                    FS
        TRANSACT  & BALANCE                                                   0 00           0 00          0.00
 900101     ****** TRANSIT ACCOUNT                    US$
        TRANSACT  & BALANCE                                                   0 00           0 00          0.00
                                                                   ************** **************
                 GRAND TOTALS                                      2 667 653 10  2 667 653 10          0.00

                                                                   ************** **************
```

```
4227     B. BUTTON                                                                  87 05 27  PAGE     10
         LEDGER                         FROM 01 01 87 TO 31 05 87

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                      DEBIT          CREDIT      BALANCE

                                                                   ############### ###############
                 GRAND TOTALS                                        1 699 060.67   1 699 060.67          0.00

                                                                   ############### ###############
```

```
4064     HAKIM ALBERT
         LEDGER
                                          FROM 01 01 87 TO 30 06 87                            87 05 29  PAGE      1
A/C    NAME & DESCRIPTION
                                             DOC NO CONTRA                            DEBIT         CREDIT         BALANCE
         ****** CAPITAL
                                                          US$
00000    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS         FS                    # 02851
      TRANSACT  & BALANCE                                                                 0 00           0.00            0 00
00001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS         US$
 1  1 BROUGHT FORWARD                                            39 379 60+                    546 035.31     546 035.31-
 2  1 TRANSFER                                    101001                        546 035.31                          0.00
24  2 PMT INV NO 6297  / STC                1263 5600001                          1 500.00                      1 500.00
 4  3 PMT F  2082 STC INT                   1317 5600001                          7 331.06                      8 831.06
                                                                            -------------- --------------
      TRANSACT  & BALANCE                                        39 379 60+     554 866 37     546 035 31       8 831 06
01000    ****** CAPITAL INVESTED                          FS
 1  1 BROUGHT FORWARD               23000+                        7 927.12-           0.00                          0.00
                                                                            -------------- --------------
      TRANSACT  & BALANCE           23000+                        7 927.12-           0.00           0.00           0.00
01001    ****** CAPITAL INVESTED                          US$
 1  1 BROUGHT FORWARD               44890-                      137 109.21-     291 654.68
 1  1 1986 P/L  NET BALANCE                                       56 900.00-                      5 212.83     286 441.85
 2  1 TRANSFER                                    100001                                       546 035.31     259 593.46-
30  1 MGT FEES 4TH QAURTER 1986             5001 5600001                          1 434.18                    258 159.28-
21  4 MGT FEES 1ST QUARTER 1987             6001 5600001                            159.25                    258 000.03-
                                                                            -------------- --------------
      TRANSACT  & BALANCE           44890-                      194 009.21-     293 248.11     551 248.14     258 000.03-
```

```
4064     HAKIM ALBERT                                                                       87 05 29  PAGE      2
         LEDGER                        FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                   DOC NO CONTRA                         DEBIT          CREDIT      BALANCE

01012     ****** CAPITAL INVESTED                     MFK

 1   1 BROUGHT FORWARD                                         1 061 65-                       5 035.72
 1   1 1986 P/L  NET BALANCE                                                5 035 72                            0.00

                                                                       -------------- --------------
       TRANSACT  & BALANCE                                     1 061.65-    5 035.72       5 035.72            0.00
01017     ****** CAPITAL INVESTED                     HK$

 1   1 BROUGHT FORWARD                                        20 634.01+   25 525.44
 1   1 1986 P/L  NET BALANCE                                                              25 525 44            0.00

                                                                       -------------- --------------
       TRANSACT  & BALANCE                                    20 634 01+   25 525 44      25 525 44            0 00
01020     ****** CAPITAL INVESTED                     $AU

 1   1 BROUGHT FORWARD                                           624.49-                   1 559.71
 1   1 1986 P/L  NET BALANCE                                                1 559 71                            0.00

                                                                       -------------- --------------
       TRANSACT  & BALANCE                                       624.49-    1 559 71       1 559 71            0.00
```

```
4064     HAKIM ALBERT                                                                     87 05 29  PAGE      3
         LEDGER -                         FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                        DEBIT         CREDIT        BALANCE

         ****** ASSETS & LIABILITIES                   US$                                  N 02853

05100    ****** LOANS PAYABLE                          FS

       TRANSACT  & BALANCE                                                          0 00           0 00           0 00

05101    ****** LOANS PAYABLE                          US$

       TRANSACT  & BALANCE                                                          0 00           0 00           0 00

26101    ****** FID  DEPOSIT - R N B                   US$

       TRANSACT  & BALANCE                                                          0 00           0 00           0 00

26601    ****** FID  DEPOSIT - CREDIT SUISSE           US$

       TRANSACT  & BALANCE                                                          0 00           0 00           0 00

50801    ****** SECURITIES - CAN  IMP  BK OF COMMER US$

 1  1  BROUGHT FORWARD          259000+                                       259 000 00                    259 000 00
 8  1
       SALE                     259000- 8475 5600001                                        259 000 00
 8  1
       INTEREST TO 30 03 87 AT 0 437    8475 5600001                                            254 95
 8  1
       REVERSAL                         8475 5600001                              254 95                          0 00
                                                                           -------------- --------------
       TRANSACT  & BALANCE                                                    259 254 95     259 254 95           0 00
```

```
4064     HAKIM ALBERT                                                                     87 05 29  PAGE      4
         LEDGER                     FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                DOC.NO CONTRA                        DEBIT          CREDIT       BALANCE
                                                                           N 02654

551401     ****** SECURITIES - BEAR STEARNS          US$

       TRANSACT  & BALANCE                                                     0.00            0.00          0.00

551801     ****** SECURITIES - MERRILL LYNCH         US$

 8  1  6.0000 EURO-CD TORONTO DOMINION
       PURCHASE              250000+18001 5600001                       250 000.00                    250 000.00
 8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION            250000-18002 5600001                                     250 000.00
 8  4  6.2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT     253750+18003 5600001                       253 750.00                    253 750.00
 8  5  6.8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT     255071+18005 5600001                       255 071.00
 8  5  6.2500 MERRILL LYNCH 8/5/87
       REDEMPTION            253750-18004 5600001                                     253 750.00      255 071.00
                                                                      -------------- --------------
       TRANSACT  & BALANCE   255071+                                    758 821.00    503 750.00      255 071.00

552201     ****** SECURITIES - MORGAN STANLEY        US$

       TRANSACT  & BALANCE                                                     0.00            0.00          0.00

552212     ****** SECURITIES - MORGAN STANLEY        MFK

       TRANSACT  & BALANCE                                                     0.00            0.00          0.00

552417     ****** SECURITIES - REED STENHOUSE        HK$

       TRANSACT  & BALANCE                                                     0.00            0.00          0.00
```

```
4064    HAKIM ALBERT                                                                  87 05 29  PAGE      5
        LEDGER                         FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                DOC NO CONTRA                       DEBIT        CREDIT       BALANCE

52420     ****** SECURITIES - REED STENHOUSE          $AU

       TRANSACT  & BALANCE                                                    0 00          0 00          0 00

600001    ****** CASH ACCOUNT                         US$

 1  1 BROUGHT FORWARD          431233-                 154 629 61+          593 46                      593 46
 8  1
      SALE                     259000+ 8475 08JCD                       259 000 00
 8  1
      INTEREST FM 30 1286 TO 08 01     8475 08JCD                           416 83
 8  1
      INTEREST TO 30 03 87 AT 0 437    8475 08JCD                           254 95
 8  1  6 0000 EURO-CD TORONTO DOMINION
      PURCHASE                 250000-18001 18JCDTO                                   250 000 00
 8  1
      REVERSAL                         8475 08JCD                                          254 95
 8  1
      INTEREST TO 30 03 87 AT 0. 43    8475 08JCD                           254 95                   10 265 24
30  1 MGT FEES 4TH QAURTER 1986        5001 101001                                       1 434 18     8 831 06
24  2 PMT INV NO 6297  / STC           1263 100001                                       1 500 00     7 331 06
 4  3 PMT F  2082 STC INT              1317 100001                                       7 331 06         0 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
      REDEMPTION               250000+18002 18JCDTO                     250 000 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                 250000+18002 18JCDTO                       3 750 00
 8  4  6 2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT        253750-18003 18J128A                                   253 750 00          0 00
21  4 MGT FEES 1ST QUARTER 1987        6001 101001                                         159 25       159 25-
 8  5  6 8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT        255071-18005 18J189A                                   255 071 00
 8  5  6 2500 MERRILL LYNCH 8/5/87
      REDEMPTION               253750+18004 18J128A                     253 750 00
 8  5 CREDIT INTEREST          253750+18004 772201                        1 321 61                      158 64-
                                                                     -------------- --------------
      TRANSACT  & BALANCE        76446+                154 629 61+      769 341 80    769 500 44        158 64-
```

```
4064     HAKIM ALBERT                                                                  87 05 29  PAGE      6
         LEDGER                      FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT          CREDIT         BALANCE

5600012    ****** CASH ACCOUNT                        MFK
       TRANSACT  & BALANCE                                                      0.00           0.00            0.00
5600017    ****** CASH ACCOUNT                        HK$
  1  1 BROUGHT FORWARD             10000+                   20 634.01-          0.00                           0.00
                                                                           -------------- -------------
       TRANSACT  & BALANCE         10000+                   20 634.01-          0.00           0.00            0.00
5600020    ****** CASH ACCOUNT                        $AU
       TRANSACT  & BALANCE                                                      0.00           0.00            0.00
5600300    ****** CSF INVOICES                        FS
       TRANSACT  & BALANCE                                                      0.00           0.00            0.00
5600301    ****** CSF INVOICES                        US$
       TRANSACT  & BALANCE                                                      0.00           0.00            0.00
5600601    ****** CSF DIVERS  ACCOUNT                 US$
       TRANSACT  & BALANCE                                                      0.00           0.00            0.00
```

```
4064     HAKIM ALBERT                                                                   87 05 29  PAGE      7
         LEDGER                       FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                DOC.NO CONTRA                  DEBIT         CREDIT        BALANCE

6        ****** CHARGES                                 US$

671001   ****** INTEREST PAID - CURRENT ACCOUNT         US$

       TRANSACT  & BALANCE                                               0.00           0.00           0.00

672000   ****** INTEREST PAID                           FS

       TRANSACT  & BALANCE                                               0.00           0.00           0.00

672001   ****** INTEREST PAID                           US$

       TRANSACT  & BALANCE                                               0.00           0.00           0.00

673701   ****** BANK CHARGES                            US$

       TRANSACT  & BALANCE                                               0.00           0.00           0.00
```

```
4064     HAKIM ALBERT                                                                87 05 29  PAGE      8
         LEDGER                        FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                      DOC NO CONTRA                   DEBIT         CREDIT        BALANCE

          ****** INCOME                                      US$

/60801    ****** REAL  GAINS/LOSSES - CIBC                   US$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00

61401     ****** REAL  GAINS/LOSSES - BEAR STEARNS           US$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00

62201     ****** REAL  GAINS/LOSSES - MORGAN STANLEY US$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00

62212     ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00

/62417    ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00

/62420    ****** REAL  GAINS/LOSSES - REED STENHOUSE $AU

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00

/71101    ****** INTEREST EARNED ON BONDS                   US$

  8  1
       INTEREST FM 30 1286 TO 08 01        8475 5600001                                       416 83
  8  1
       INTEREST TO 30 03 87 AT 0. 43       8475 5600001                                       254 95         671 78-
  8  4  6 0000 EURO-CD TORONTO DOMINION
       INTEREST                     250000-18002 5600001                                    3 750 00       4 421 78-
```

H 02858

```
4064     HAKIM ALBERT                                                                         87 05 29  PAGE      9
         LEDGER                        FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                          DEBIT          CREDIT        BALANCE

771101    INTEREST EARNED ON BONDS                        (SUITE)
                                                                           -------------- --------------
      TRANSACT  & BALANCE          250000-                                          0 00        4 421 78       4 421 78

771201     ****** DIVIDENDS                               US$

      TRANSACT  & BALANCE                                                            0 00            0 00           0 00

771212     ****** DIVIDENDS                               MFK

      TRANSACT  & BALANCE                                                            0 00            0 00           0 00

772201     ****** INTEREST EARNED ON DEPOSITS             US$

  8   5 CREDIT  INTEREST           253750-18004 5600001                                         1 321 61       1 321 61
                                                                           -------------- --------------
      TRANSACT  & BALANCE          253750-                                           0 00        1 321 61       1 321 61
```

516

```
                                                                                                   CSF INVESTMENTS LTD
                                                                                                     HAMILTON BERMUDA
1066    HAKIM ALBERT
        LEDGER                                FROM 01 01 86 TO 31 12 86                           87 01 27  PAGE       1

A/C   NAME & DESCRIPTION                      DOC NO CONTRA                           DEBIT          CREDIT         BALANCE

          ###### CAPITAL                                        US$

120000    ###### CAPITAL CONTRIBUTIONS/WITHDRAWALS    FS
                                                               L 02661
       TRANSACT  & BALANCE                                                             0 00            0 00            0 00

120001    ###### CAPITAL CONTRIBUTIONS/WITHDRAWALS    US$

  1  1 BROUGHT FORWARD                                          200 00+         62 380 00                       62 380 00
  2  1 TRANSFER                               101001                                           62 380 00            0.00
  7  1 TR  TO BK OF AMERICA                   5008 5600001                      50 000 00                       50 000.00
 15  1 TR  TO ALA BORA                        5162 5600001                      72 580 00                      122 580 00
  6  2 CASH WITHDRAWAL                        5157 5600001                      50 000 00                      172 580.00
  7  2 TR FROM LAKE RESOURCES                 5255 5600001                                    165 000 00         7 580.00
 14  3 TR  TO LOS GATOS + BC                  5331 5600001                      20 100.00                       27 680.00
 26  3 PMT TO A  HAKIM                        5393 5600001                      15 000.00                       42 680.00
 16  4 CASH WITHDRAWAL                        6042 5600001                      10 000 00                       52 680.00
 18  4 NEW FUNDS                              6043 5600001                                     15 000.00
 18  4 NEW FUNDS                              6044 5600001                                     72 580.00
 18  4 PART  RBT CASH US$ 10000 -             6045 5600001        5 577.79-                     5 000.00
 18  4 CHQ 425 MISC. EXPENSES EXPENTRADE      6054 5600001        4 491.10+      2 382.55
 18  4 CHQ 426 A. BALESTRA RE/EXPANTRADE      6056 5600001        1 290.00+        684.00                       36 833.45-
 21  4 PMT INV  9247 EXPANTRADE               6077 5600001                         800.00
 21  4 INV  1015 9453.1030 + RENT 6 MONT      6079 5600001        7 382 80+      4 045.37                       29 988.08-
 22  4 PMT INV. R XEROX RE. EXPANTRADE        6078 5600001          817.05+        447.70
 22  4 NEW FUNDS                              6086 5600001                                     50 000.00        79 540.38-
  1  5 PMT REGISTRE DU COMMERCE               6120 5600001           90.00+         50.00                       79 490.38-
 15  5 PMT INV  CIE DE SERV  FID  SA          6212 5600001                         800.00                       78 690.38-
 15  5 PMT INV  HOTEL INTERCONTINENTAL        6175 5600001        2 744 40+      1 524.67                       77 165.71-
 20  5 NEW FUNDS                              6189 5600001                                     26 490 00       103 655.71-
 21  5 PMT INV  BALESTRA SFR 1200 -           6195 5600001                         659 34                      102 996.37-
 23  5 TR FROM HYDE PARK                      2394 5600001                                    500 000 00       602 996.37-
 27  5 NEW FUNDS                              2448 5600001                                    258 300 00       861 296.37-
  2  6 NEW FUNDS                              6269 5600001                                     79 167 00       940 463 37-
  7  6 TR  TO LILLICK MCHOSE                  6323 5600001                      20 000 00                      920 463 37-
```

H 02862

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
 766     HAKIM ALBERT                                                                            87 01 27  PAGE       2
         LEDGER                          FROM 01 01 86 TO 31 12 86

 A/C   NAME & DESCRIPTION                 DOC NO CONTRA                      DEBIT          CREDIT          BALANCE

 0001    CAPITAL CONTRIBUTIONS/WITHDRAWA              (SUITE)
 7  5 CASH WITHDRAWAL + AGIO              6328 5600001                      5 312 30                       214 450 87-
 7  5 TR  FROM DEFEX                      5422 5600001                                    11 183 00        225 633 87-
    7 PMT BALESTRA SFR 1 290.00           7080 5600001                        754 39                       224 879 48-
    9 TRANSFER FM U B S , FRIBOURG        7288 5600001                                   911 398 00      1 136 277 48-
    9 CHQ 481 MR EZZIE HAKIM              7292 5600001                      5 766 00                     1 130 511 48-
    9 TRANSFER TO BLEIN FILS BALESTRA     7398 5600001                        735 39                     1 129 776 09-
 3 10 CHQ TO RUTTENBERG                   4253 5600001                      2 000 00                     1 127 776 09-
   10 TRANSFER                            8106 5600001                     35 722 60                     1 092 053 49-
 7 10 PMT TO VITA LIFE INSURANCE          8036 5600001      19 610 00+     12 339 63                     1 079 713 86-
 1 10 TRANSFER TO LOS GATOS               8038 5600001                     25 000 00                     1 054 713 86-
 4 10 PMT TO VITA LIFE INSURANCE          8076 5600001       8 332 00+      4 983 25                     1 049 730 61-
 0 11 TRANSFER RE FORWAY                  8160 5600001                    503 695 30                       546 035 31-

                                                                    -------------- --------------
      TRANSACT  & BALANCE                                   39 379 60+    755 662 69   1 301 698 00        546 035 31-

 11000    ****** CAPITAL INVESTED                    FS

 1  1 BROUGHT FORWARD              23000+                    7 927 12-          0 00                            0 00
 2 12 INV 1488                                 5600300                     38 850 75                       38 850 75
 2 12 PMT INV NO 1488                          5600300                                    38 850 75             0 00

                                                                    -------------- --------------
      TRANSACT  & BALANCE          23000+                    7 927 12-     38 850 75      38 850 75             0 00

 11001    ****** CAPITAL INVESTED                    US$

 1  1 BROUGHT FORWARD             244005+                   17 281 30+    105 993 63
 1  1 P/L  NET BALANCE YEAR 1985                                           156 681 00                      262 674 63
    1 TRANSFER                                  100001                      62 380 00                      325 054 63
 16 1 HANDLING FEE                       5182 5600001                         720 00                       325 774 63
 6  3 PMT INV NO 9522                    1499 5600301                                      6 043 00        319 731 63
 3  5 15 5000 PN 8215 2/4/83
      PN 8215 RBT                 258300- 2394 5111215                                   258 300 00
 3  5 15 5000 PN 8215 2/4/83
      PN 8215 CANCEL INT           30596- 2394 5111215                                    30 596 30
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4086    HAKIM ALBERT                                               87 01 27  PAGE      3
        LEDGER                    FROM 01 01 86 TO 31 12 86  II 02863

A/C   NAME & DESCRIPTION              DOC NO CONTRA                        DEBIT         CREDIT        BALANCE

10'001   CAPITAL INVESTED                          (SUITE)
23  5 15 5000 PN 8215 27/4/83
      ADJ QTY                       1+      5131215                        0 00
23  5 PN 8215 RBT                           5600001                  258 300 00                    289 135 33
 7  7 MGT FEES 2ND QUARTER 1986        7001 5600001                      782 59                    289 917 92
 9  9 US$/AU$ AT 0.6325               24001 5600001    11 899 91+      7 526 69                    297 444 61
18  9 US$/HK$ AT 7.8035                7364 5600001                   17 356 38                    314 800 99
15 10 MGT FEES 3RD QUARTER 1986        8001 5600001                    1 892 28                    316 693 27
25 11 MKF/US$ AT 20.455               22026 5600001    42 535 72+      8 700 68                    325 393 95
23 12 MKF/US$ AT 4 909                 8418 5600001    37 500 00-                    7 639 03               /
23 12 HK$/US$ AT 7 801                 8418 5600001   160 965 94-                   20 634 01
23 12 AU$/US$ AT 1.4981                8418 5600001    10 340 20-                    6 902 20
23 12 MGT FEES 4TH QUARTER 86          8428 5600001                    1 435 97                    291 654 68
                                                                  -------------- --------------
      TRANSACT  & BALANCE      44890-                 137 109 21-    621 789 22    330 114 54     291 654 68

101012    ****** CAPITAL INVESTED                  MFK

25 11 MKF/US$ AT 20 455               22026 5600012     8 700 68-                   42 535 72      42 535 72-
23 12 MKF/US$ AT 4 909                 8418 5600012     7 639 03+     37 500 00                     5 035 72
                                                                  -------------- --------------
      TRANSACT  & BALANCE                               1 061 65-     37 500 00     42 535 72       5 035 72

101017    ****** CAPITAL INVESTED                  HK$

18  9 US$/HK$ AT 7 8035                7364 5600017                                135 440 50     135 440 50-
23 12 HK$/US$ AT 7 801                 8418 5600017    20 634 01+    160 965 94                    25 525 44
                                                                  -------------- --------------
      TRANSACT  & BALANCE                              20 634 01+    160 965 94    135 440 50      25 525 44
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
.364   HAKIM ALBERT                                    W 02864     87 01 27  PAGE      4
       LEDGER                FROM 01 01 86 TO 31 12 86

A/C  NAME & DESCRIPTION            DOC NO CONTRA                  DEBIT        CREDIT      BALANCE

11020    ****** CAPITAL INVESTED                 AU$

2  9 US$/AU$ AT 0.6323          21001 5600020     7 528 89-                   11 899 91    11 899 91-
3 12 AU$/US$ AT 1.4981           8618 5600020     6 902 20*      10 340 20                  1 559 71-
                                                              -------------- --------------
     TRANSACT  & BALANCE                            524 49-      10 340 20    11 899 91     1 559 71-
```

520

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064      HAKIM ALBERT                                                                          87 01 27  PAGE       5
          LEDGER                        FROM 01 01 86 TO 31 12 86

A/C     NAME & DESCRIPTION                      DOC NO CONTRA                       DEBIT          CREDIT        BALANCE
                                                              || 02665
5           ****** ASSETS & LIABILITIES                     US$

505100      ****** LOANS PAYABLE                            FS

        TRANSACT  & BALANCE                                                          0 00            0 00            0 00

05101       ****** LOANS PAYABLE                            US$

 1   1 BROUGHT FORWARD               279802-                                                   279 802 71      279 802 71-
31   3 15 5000 PN 8215 2/4/83
       PN 8215 INT FR 1/1/86           9093- 1509 672001                                         9 093 59      288 896 30-
22   4 15 5000 PN 8215 2/4/83
       PN 8215 PART RBT               35000+ 2181 5600001                       35 000 00
22   4 15 5000 PN 8215 2/4/83
       PN 8215 CANCEL ENTRY           35000- 2181 5600001                                       35 000 00      288 896 30-
23   5 15 5000 PN 8215 2/4/83
       PN 8215 RBT                   258300+ 2394 101001                       258 300 00
23   5 15 5000 PN 8215 2/4/83
       PN 8215 CANCEL INT             30596+ 2394 101001                        30 596 30
23   5 15 5000 PN 8215 2/4/83
       ADJ QTY                             1-      101001                             0 00                           0 00
                                                                           ------------   ------------
        TRANSACT  & BALANCE                                                    323 896 30     323 896 30            0 00

26101       ****** FID  DEPOSIT - R N B                     US$

23   5   6 7500 CALL R N B  NEW YORK
       ON CALL                       241700+ 2450 5600001                      241 700 00                      241 700 00
29   5   6 7500 CALL R N B  NEW YORK
       ON CALL                       258300+ 2450 5600001                      258 300 00                      500 000 00
18   6   5 2500 RNB NEW YORK CALL
       ON CALL                       120000+ 6446 5600001                      120 000 00                      620 000 00
30   6   5 2500 RNB NEW YORK CALL
       OFF CALL                       10000- 6448 5600001                                      10 000 00       610 000 00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
1064    HAKIM ALBERT                                                                       87 01 27  PAGE      5
        LEDGER                          FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                       DEBIT          CREDIT          BALANCE

56101   FID  DEPOSIT - R N B                          (SUITE)     H 02666
 7  7  5 2500 RNB NEW YORK CALL
       OFF CALL                        110000- 7175 5600001                                  110 000 00      500 000 00
15  7  5 2500 RNB NEW YORK CALL
       ON CALL                         110000+ 7175 5600001                 110 000 00                       610 000 00
 3  7  5 2500 RNB NEW YORK CALL
       ON CALL                          10000+ 7175 5600001                  10 000 00                       620 000 00
 7  3  6 0000 R N B  NEW YORK 2/9/86
       FIDUCIARY DEPOSIT               500000+ 3285 5600001                 500 000 00
18  8  6 0000 R N B  02/09/86
       FIDUCIARY DEPOSIT               120000+ 7356 5600001                 120 000 00                     1 240 000 00
21  8  5 2500 RNB NEW YORK CALL
       OFF CALL                        120000- 7353 5600001                                  120 000 00    1 120 000 00
28  8  5 2500 RNB NEW YORK CALL
       ON  CALL                        120000+ 7353 5600001                 120 000 00                     1 240 000 00
29  8  6 7500 CALL R N B  NEW YORK
       OFF CALL                        343000- 3373 5600001                                  343 000 00
29  8  5 2500 RNB NEW YORK CALL
       OFF CALL                        120000- 7353 5600001                                  120 000 00
29  8  5 3750 R N B  03/09/86
       FIDUCIARY DEPOSIT               120000+ 7358 5600001                 120 000 00                       897 000 00
 2  9  6 0000 R N B  NEW YORK 2/9/86
       REDEMPTION                      500000- 3337 5600001                                  500 000 00
 2  9  6 0000 R N B  02/09/86
       REDEMPTION                      120000- 7357 5600001                                  120 000 00
 2  9  6 7500 CALL R N B  NEW YORK
       OFF CALL                        157000- 3528 5600001                                  157 000 00      120 000 00
 3  9  5 3750 R N B  03/09/86
       REDEMPTION                      120000- 7369 5600001                                  120 000 00            0 00
 8  9  6 7500 CALL R N B  NEW YORK
       ON  CALL                        200000+ 3528 5600001                 200 000 00                       200 000 00
11  9  5 2500 RNB NEW YORK CALL
       ON CALL                          90000+ 7438 5600001                  90 000 00                       290 000 00
 1 10  6 7500 CALL R N B  NEW YORK
       OFF CALL                        100000- 6285 5600001                                  100 000 00      190 000 00
 3 10  6 7500 CALL R N B  NEW YORK
       OFF CALL                        100000- 6285 5600001                                  100 000 00       90 000 00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT                                                                    87 01 27  PAGE      7
         LEDGER                            FROM 01 01 86 TO 31 12 86

A/C     NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT           CREDIT         BALANCE

526101    FID  DEPOSIT - R N B                          (SUITE)    H 02867
 10 11   5 2500 RNB NEW YORK CALL
         OFF CALL                  90000- 8199 5600001                                      90 000 00            0 00
                                                                        -------------- --------------
         TRANSACT  & BALANCE                                             1 890 000 00  1 890 000 00            0 00

526601      ****** FID  DEPOSIT - CREDIT SUISSE         US$

  9  8   6 1250 CALL CREDIT SUISSE
         ON CALL                   56000+ 6290 5600001                   56 000 00                        56 000 00
 16  6   6 1250 CALL CREDIT SUISSE
         OFF CALL                  56000- 6320 5600001                                  56 000 00               0 00
 24  9   6 1250 CALL CREDIT SUISSE
         ON  CALL                 560000+ 7416 5600001                  560 000 00                       560 000 00
 12 11   6 1250 CALL CREDIT SUISSE
         OFF CALL                 560000- 8151 5600001                                 560 000 00               0 00
                                                                        -------------- --------------
         TRANSACT  & BALANCE                                            616 000 00     616 000 00               0 00

550301      ****** SECURITIES - CAN  IMP  BK OF COMMER US$

 20 12   6 4375 CIBC CERTIFICATES DEPOST
         PURCHASE                 259000+ 8475 5600001                  259 000 00                       259 000 00
                                                                        -------------- --------------
         TRANSACT  & BALANCE      259000+                               259 000 00          0 00         259 000 00

551401      ****** SECURITIES - BEAR STEARNS            US$

 15  9 KEYSTONE INTERNATIONAL INC
         PURCHASE                   500+14084 5600001                     6 812 50                         6 812 50
 30 10 KEYSTONE INTERNATIONAL INC
         TENDERED                       8298 5600001                                        0 29           6 812 21
 12 11 CITIZENS FINANCIAL GROUP INC
         PURCHASE                   600+14100 5600001                    22 702 [illegible]               29 [illegible]
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
054     HAKIM ALBERT
        LEDGER                       FROM 01 01 86 TO 31 12 86                          37 01 27  PAGE      8

1/C   NAME & DESCRIPTION                   DOC NO CONTRA                        DEBIT        CREDIT       BALANCE

1401    SECURITIES - BEAR STEARNS                         (SUITE)     02868
17 12 KEYSTONE INTERNATIONAL INC
      SALE                          500-14104 5600001                                      7 333 75
17 12 KEYSTONE INTERNATIONAL INC
      GAIN                                    761401                           225 74                    22 702 81
19 12 CITIZENS FINANCIAL GROUP INC
      SALE                          500-14115 5600001                                     22 377 70
19 12 CITIZENS FINANCIAL GROUP INC
      LOSS                                    761401                                         163 31           0 00

                                                                         -------------- --------------
      TRANSACT  & BALANCE                                                  29 741 25      29 741 25          0 00

51801     [redacted] SECURITIES - MERRILL LYNCH          US$

      TRANSACT  & BALANCE                                                       0 00           0 00          0 00

52201     [redacted] SECURITIES - MORGAN STANLEY         US$

16  5 JOHNSON ELECTRIC ORD  (HONG KONG)
      PURCHASE                   10000+22020 5600001                         6 100 00                     6 100 00
16 12 JOHNSON ELECTRIC ORD  (HONG KONG)
      SALE                       10000-22051 5600001    56 900 00-                        7 301 89
16 12 JOHNSON ELECTRIC ORD  (HONG KONG)
      GAIN                                   762201     56 700 00+          1 201 89                         0 00

                                                                         -------------- --------------
      TRANSACT. & BALANCE                                                   7 301 89       7 301 89          0 00

52212     [redacted] SECURITIES - MORGAN STANLEY         MFK

19 11 POHJOLA  (NEWS) B
      PURCHASE                     500+22026 5600012                        42 535 72                    42 535 72
12 12 POHJOLA  (NEWS) B
      SALE                         500-22030 5600012                                     37 500 00
12 12 POHJOLA  (NEWS) B
      LOSS                                   762212                                       5 035 72           0 00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

02869

```
     GAIN                                   732201      38 900 00*      1 201.89                       0 00

     TRANSACT  & BALANCE                                                7 301.89      7 301 89         0 00

52212    [redacted] SECURITIES - MORGAN STANLEY         MFK

5 11 POHJOLA  (NEWS) B
     PURCHASE                      500+22026 5600012                   62 535 72                      62 535 72
2 12 POHJOLA  (NEWS) B
     SALE                          500-22030 5600012                                 37 500 00
2 12 POHJOLA  (NEWS) B
     LOSS                                   762212                                    5 035 72          0 00
```

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

J34 HAKIM ALBERT 37 01 27 PAGE 9
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
7212	SECURITIES - MORGAN STANLEY (SUITE) # 02810					
	TRANSACT. & BALANCE			42 535 72	42 535 72	0 00
2417	****** SECURITIES - REED STENHOUSE HK$					
2 7	HONG KONG LAND PURCHASE	20000+24002	5600017	135 440 50		135 440 50
16 10	DAIRY FARM RCVD FREE 1 X 2 H K. LAND	10000+24004	*	15 440 50		
16 10	HONG KONG LAND RCVD FREE 1 X 2 H K. LAND	24004	*24DF		15 440 50	135 440 50
4 11	DAIRY FARM SALE	4000-24005	5600017		9 922 50	
4 11	DAIRY FARM GAIN		762417	3 746 30		
4 11	HONG KONG LAND PURCHASE	1528+24006	5600017	9 920 88		139 185 13
17 12	HONG KONG LAND SALE	21528-24008	5300017		139 717 47	
17 12	HONG KONG LAND GAIN		762417	9 796 59		
17 12	DAIRY FARM COST ON DAIRY FARM	24007	5600017	4 690.90		
17 12	DAIRY FARM SALE	6000-24007	5600017		25 937 75	
17 12	DAIRY FARM GAIN		762417	11 982.55		0.00
	TRANSACT. & BALANCE			191 018.22	191 018.22	0.00

4084 HAKIM ALBERT
LEDGER FROM 01 01 86 TO 31 12 86

87 01 27 PAGE 10

A/C	NAME & DESCRIPTION		DOC NO	CONTRA	‖ 02871	DEBIT	CREDIT	BALANCE
552420	▮▮▮▮▮▮ SECURITIES - REED STENHOUSE			$AU				
9 9	TECHNOMIN							
	PURCHASE	25000+	24001	5600020		11 899 91		11 899 91
23 12	TECHNOMIN							
	SALE	25000-	24009	5600020			10 340 20	
23 12	TECHNOMIN							
	LOSS			762420			1 559 71	0 00
	TRANSACT. & BALANCE					11 899 91	11 899 91	0 00
600001	▮▮▮▮▮▮ CASH ACCOUNT			US$				
1 1	BROUGHT FORWARD	172733-			17 461 30-		39 208 92	39 208 92-
7 1	TR. TO BK OF AMERICA		5008	100001			50 000 00	
7 1	BANK CHARGES		5008	673701			2 39	89 211 31-
5 1	TR. TO ALA BORA		5162	100001			72 580 00	
16 1	HANDLING FEE		5162	101001			720 00	162 511 31-
6 2	CASH WITHDRAWAL		5157	100001			50 000 00	212 511 31-
7 2	TR FROM LAKE RESOURCES		5255	100001		165 000 00		47 511 31-
14 3	TR. TO LOS GATOS + BC		5331	100001			20 100 00	67 611 31-
26 3	PMT TO A. HAKIM		5393	100001			15 000 00	82 611 31-
2 4	DI AT 8 % FROM [illegible]		6055	671001			2 920 00	85 531 31-
12 4	CASH WITHDRAWAL		6042	100001			10 000 00	95 531 31-
18 4	NEW FUNDS		6043	100001		15 000 00		
18 4	NEW FUNDS		6044	100001		72 580 00		
18 4	PART. RBT CASH US$ 10000 -		6045	100001	5 577 75+	3 000 00		
18 4	CHQ 425 MISC. EXPENSES EXPENTRADE		6054	100001	4 491 10-		2 382 55	
18 4	CHQ 426 A. BALESTRA RE/EXPANTRADE		6056	100001	1 290 00		684 00	8 017 86-
21 4	PMT INV. 9247 EXPANTRADE		6077	100001			800 00	
21 4	INV. 1015.9453.1030 + RENT 6 MONT		6079	100001	7 382 80-		4 045 37	12 863 23-
22 4	15.5000 PN 8215 274783							
	PN 8215 PART RBT	35000-	2181	5131215			35 000 00	
22 4	15.5000 PN 8215 274783							
	PN 8215 CANCEL ENTRY	35000+	2181	5131215		35 000 00		

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
1066     HAKIM ALBERT                                                                               87 01 27  PAGE       11
         LEDGER                              FROM 01 01 86 TO 31 12 86 || 02872

A/C   NAME & DESCRIPTION                      DOC NO CONTRA                          DEBIT          CREDIT        BALANCE

100001  CASH ACCOUNT                                   (SUITE)
 2  4 PMT INV  P XEROX RE  EXPANTRADE         5073 100001        317 05-                           447 70
 3  5 NEW FUNDS                               6036 100001                     50 000 00                       28 589 07
 1  5 PMT REGISTRE DU COMMERCE                6120 100001         90 00-                            50 00     33 539 07
15  5 PMT INV  CIE DE SERV  FID  SA           6212 100001                                          800 00     35 939 07
16  5 PMT INV  HOTEL INTERCONTINENTAL         6175 100001      2 766 50-                         1 526 67
11  5 JOHNSON ELECTRIC ORD  (HONG KONG)
      PURCHASE                          10000-22023 22JOHN                                       6 100 00     23 214 60
13  5 NEW FUNDS                               5189 100001                     26 490 00                       54 704 40
21  5 PMT INV  BALESTRA SFR 1200 -            6195 100001                                          659 34     54 045 06
23  5 PN 8215 RBT                                  101001                                      258 300 00
23  5 TR FROM HYDE PARK                       2394 100001                    500 000 00
23  5  6 7500 CALL R N B  NEW YORK
      ON CALL                          241700- 2630 6133602                                    241 700 00     56 045 05
29  5 NEW FUNDS                               2448 100001                    258 300 00
29  5  6 7500 CALL R N B  NEW YORK
      ON CALL                          258300- 2630 6133602                                    258 300 00     56 065 06
 2  6 NEW FUNDS                               6269 100001                     79 167 00                      133 212 06
 7  6  6 1250 CALL CREDIT SUISSE
      ON CALL                           56000- 6290 663000K                                     56 000 00
 7  6 TR  TO LILLICK MCHOSE                   6323 100001                                       20 000 00     57 212 06
15  6 INTEREST                                2496 772201                        525 37                       57 737 43
16  6  6 1250 CALL CREDIT SUISSE
      OFF CALL                          56000+ 6320 663000K                   56 000 00
18  6 CALL INT.                               6384 772201                         65 33                      113 802 76
17  6 CASH WITHDRAWAL + AGIO                  6328 100001                                        5 012 50    108 790 26
18  6  5 2500 RNB NEW YORK CALL
      ON CALL                          120000- 6446 6133600                                    120 000 00     11 209 74-
19  6 TR  FROM DEFEX                          6422 100001                     11 183 00                           26 74-
30  6  5 2500 RNB NEW YORK CALL
      OFF CALL                          10000+ 6446 6133600                   10 000 00                        9 973 26
 2  7  5 2500 RNB NEW YORK CALL
      OFF CALL                         110000+ 7175 6133600                  110 000 00                      119 973 26
 7  7 MGT FEES 2ND QUARTER 1986               7001 101001                                          782 39    119 190 87
 9  7 CALL INTEREST JUNE                      7078 772201                        276 03                      119 466 70
10  7 INTEREST                                3096 772201                      2 671 23                      122 137 93
15  7  5 2500 RNB NEW YORK CALL
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT                                          II 02873        87 01 27  PAGE      12
         LEDGER                      FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                  DOC.NO CONTRA                     DEBIT          CREDIT        BALANCE

5600001  CASH ACCOUNT                                (SUITE)
         ON CALL                  110000- 7175 61JJ600                                  110 000 00      12 137 93
18  7  5 2500 RNB NEW YORK CALL
         ON CALL                   10000- 7175 61JJ600                                   10 000 00       2 137 93
21  7 PMT BALESTRA SFR 1.290.00           7080 100001                                       754 39       1 383 54
31  7 CALL INTEREST                       7206 772201                        348 49                      1 732 03
 6  8 INTEREST                            3209 772201                      2 547 94                      4 279 97
18  8  6.0000 R.N.B. NEW YORK 2/9/86
         FIDUCIARY DEPOSIT        500000- 3285 61J245B                                  500 000 00
18  8  6.0000 R.N.B. 02/09/86
         FIDUCIARY DEPOSIT        120000- 7356 61J245A                                  120 000 00     615 720 03-
21  8  5 2500 RNB NEW YORK CALL
         OFF CALL                 120000+ 7353 61JJ600                   120 000 00                    495 720 03-
28  8  5 2500 RNB NEW YORK CALL
         ON  CALL                 120000- 7353 61JJ600                                  120 000 00     615 720 03-
 7  8  6 7500 CALL R N B  NEW YORK
         OFF CALL                 343000+ 3373 61JJ602                   343 000 00
29  8  5 2500 RNB NEW YORK CALL
         OFF CALL                 120000+ 7353 61JJ600                   120 000 00
29  8  5 3750 R N B  03/09/86
         FIDUCIARY DEPOSIT        120000- 7358 61J246A                                  120 000 00     272 720 03-
 2  9 TRANSFER FM U B S . FRIBOURG        7288 100001                    258 398 00
 2  9  6 0000 R N B  NEW YORK 2/9/86
         REDEMPTION               500000+ 3337 61J245B                   500 000 00
 2  9 INTEREST                            3337 772201                      1 232 88
 2  9  6.0000 R N B  02/09/86
         REDEMPTION               120000+ 7357 61J245A                   120 000 00
 2  9 INTEREST                            7357 772201                        295 89
 2  9 INTEREST                            7357 772201                        123 29
 2  9  6 7500 CALL R N B  NEW YORK
         OFF CALL                 157000+ 3528 61JJ602                   157 000 00                    764 730 03
 3  9 CHQ 481 MR EZZIE HAKIM              7292 100001                                     3 766 00
 3  9  5 3750 R N B  03/09/86
         REDEMPTION               120000+ 7369 61J246A                   120 000 00
 3  9 INTEREST                            7369 772201                         88 35                    880 652 78
 8  9 CALL INT                            7371 772201                        376 08
 8  9  6 7500 CALL R N B  NEW YORK
```

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

II 02874

084 HAKIM ALBERT
LEDGER FROM 01 01 86 TO 31 12 86

87 01 27 PAGE 13

C	NAME & DESCRIPTION		DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
0001	CASH ACCOUNT (SUITE)							
	ON CALL	200000-	3528	6111602			200 000 00	381 030 43
9	US$/AU$ AT 0.3325		24001	101001	11 399 71-		7 526 49	373 503 77
9	$ 2500 RNB NEW YORK CALL							
	ON CALL	90000-	7438	6111600			90 000 00	583 503 77
5 9	INTEREST		3426	772201		2 333 72		585 337 49
3 9	US$/HK$ AT 7 8035		7364	101001			17 255 38	558 431 71
9	KEYSTONE INTERNATIONAL INC							
	PURCHASE	500-	14084	14KII			3 312 50	561 368 61
4 9	$ 1250 CALL CREDIT SUISSE							
	ON CALL	560000-	7416	661000K			560 000 00	1 668 61
19 9	TRANSFER TO BLEIN FILS BALESTRA		7398	100001			785 39	883 22
1 10	$ 7500 CALL R N B NEW YORK							
	OFF CALL	100000+	4285	6111602		100 000 00		100 883 22
3 10	$ 7500 CALL R N B NEW YORK							
	OFF CALL	100000+	4285	6111602		100 000 00		200 883 22
7 10	CALL INTEREST		8029	772201		245 96		201 129 18
10 10	CHQ TO RUTTENBERG		4253	100001			2 000 00	
10 10	BANK CHARGES		4253	673701			50 00	199 079 13
4 10	CALL INTEREST		8047	772201		1 555 55		
10	TRANSFER		8108	100001			85 672 60	114 962 13
15 10	INTEREST		4109	772201		655 46		
15 10	MGT FEES 3RD QUARTER 1986		8001	101001			1 892 28	113 725 31
17 10	PMT TO VITA LIFE INSURANCE		8038	100001	19 610 00-		12 339 63	101 385 68
1 10	TRANSFER TO LOS GATOS		8058	100001			25 000 00	76 385 68
4 10	PMT TO VITA LIFE INSURANCE		8074	100001	8 332 00-		4 983 25	71 402 43
0 10	KEYSTONE INTERNATIONAL INC							
	TENDERED		8298	14KII		0 29		71 402 72
3 11	CALL INTEREST		8193	772201		401 30		71 804 02
3 11	TRANSFER RE FORWAY		8160	100001			503 695 30	
10 11	$ 2500 RNB NEW YORK CALL							
	OFF CALL	90000+	8199	6111600		90 000 00		
10 11	INTEREST		4288	772201		28 76		341 862 52-
12 11	$ 1250 CALL CREDIT SUISSE							
	OFF CALL	560000+	8151	661000K		560 000 00		
12 11	CALL INTEREST		8151	772201		2 199 16		
12 11	CITIZENS FINANCIAL GROUP INC							

CSF INVESTMENTS LTD
HAMILTON BERMUDA

```
4084      HAKIM ALBERT
          LEDGER                            FROM 01 01 86 TO 31 12 86   02875              87 01 27  PAGE    14

A/C   NAME & DESCRIPTION                          DOC NO CONTRA                    DEBIT          CREDIT          BALANCE

5600001  CASH ACCOUNT                                          (SUITE)
        PURCHASE                            600-14100 14CITN
25 11 MKF/US$ AT 20 455                          22026 101001      42 535 72-                      22 702 81      197 633 83
25 11 KEYSTONE INTERNATIONAL INC                                                                     8 700 68
        DIVIDEND                            500+ 8391 14KII
16 12 JOHNSON ELECTRIC ORD  (HONG KONG)                                               42 00                      188 975 15
        SALE                              10000+22051 22JOHN       56 900 00+       7 301 89
17 12 KEYSTONE INTERNATIONAL INC                                                                                 196 277 04
        SALE                                500+14106 14KII
19 12 CITIZENS FINANCIAL GROUP INC                                                 7 035 15                      203 315 19
        SALE                                600+14113 14CITN
23 12 MKF/US$ AT 4 909                           8418 101001                       22 539 00                      225 854 19
23 12 HK$/US$ AT 7 801                           8418 101001       37 500 00+       7 639 03
23 12 AU$/US$ AT 1 4981                          8418 101001      160 965 94+      20 634 01
23 12 MGT FEES 4TH QUARTER 86                    8428 101001       10 340 20+       6 902 20
30 12  6 4375 CIBC CERTIFICATES DEPOSI                                                              1 435 97      259 593 46
        PURCHASE                         259000- 8475 08JCD
                                                                                                  259 000 00          593 46

                                                                                  --------------- ---------------
        TRANSACT  & BALANCE         431233-                        154 629 61+   4 068 187 26   4 067 593 90          593 46

5600012   ****** CASH ACCOUNT                                   MFK

25 11 MKF/US$ AT 20 455                          22026 101012       8 700 58+      42 535 72
25 11 POHJOLA  (NEWS) B
        PURCHASE                            500-22026 22POHJ
22 12 POHJOLA  (NEWS) B                                                                              42 535 72          0 00
        SALE                                500+22030 22POHJ
23 12 MKF/US$ AT 4 909                           8418 101012                       37 500 00                        37 500 00
                                                                    7 639 03-                       37 500 00          0 00

                                                                                 --------------- ---------------
        TRANSACT  & BALANCE                                         1 061 65+      80 035 72      80 035 72            0 00
```

```
                                                                      CSF INVESTMENTS LTD.
                                                       11 02876       HAMILTON BERMUDA
 184     HAKIM ALBERT
         LEDGER                       FROM 01 01 86 TO 31 12 86            87 01 27  PAGE      15

 A/C   NAME & DESCRIPTION                DOC NO CONTRA                        DEBIT        CREDIT       BALANCE

 10017    ****** CASH ACCOUNT                            HK$

    9 HONG KONG LAND
      PURCHASE                      20000-24002 24HKL
 3  9 US$/HK$ AT 7 8035                    7364 101017                                  135 440 50   135 440 50-
 4 11 DAIRY FARM                                                           135 440 50                      0 00
      SALE                           4000+24005 24DF
   11 HONG KONG LAND                                                         7 922 50
      PURCHASE                       1528-24006 24HKL
 17 12 HONG KONG LAND                                                                     7 720 88          1.62
      SALE                          21528+24008 24HKL
    12 DAIRY FARM                                                         139 717 47
      COST ON DAIRY FARM                 24007 24DF
 17 12 DAIRY FARM                                                                         4 690 90
      SALE                           6000+24007 24DF
 23 12 HK$/US$ AT 7.801                    8418 101017                    25 937.75                   160 965.94
                                                           20 634 01-                   160 965 94          0 00
                                                                      -------------- --------------
      TRANSACT. & BALANCE           10000+                 20 634 01-    311 018.22   311 018 22          0 00
 500020   ****** CASH ACCOUNT                             $AU

 9  9 US$/AU$ AT 0.6325                   24001 101020      7 526.69+     11 899.91
 9  9 TECHNOMIN
      PURCHASE                      25000-24001 24TECH
 13 12 TECHNOMIN                                                                          11 899.91         0 00
      SALE                          25000+24009 24TECH
 23 12 AU$/US$ AT 1.4981                   8418 101020                    10 340.20
                                                            6 902.20-                   10 340.20          0.00
                                                                      -------------- --------------
      TRANSACT. & BALANCE                                     624.49+     22 240.11     22 240 11          0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT
         LEDGER                    FROM 01 01 86 TO 31 12 86   II 02877        87 01 27  PAGE     16

A/C.  NAME & DESCRIPTION               DOC.NO CONTRA
                                                               DEBIT        CREDIT       BALANCE

5600300   ██████ CSF INVOICES                     FS

 2 12 INV 1488                              101000
12 12 PMT INV NO 1488                       101000                        38 850 75    38 850 75-
                                                            38 850 75                       0.00

      TRANSACT. & BALANCE                                --------------  -------------
                                                            38 850 75    38 850.75          0.00
5600301   ██████ CSF INVOICES                     US$

 1  1 BROUGHT FORWARD
26  3 PMT INV NO 9522                  1499 101001                         6 043.00     6 043 00-
                                                             6 043 00                       0 00

      TRANSACT. & BALANCE                                --------------  -------------
                                                             6 043.00     6 043 00          0.00
5600801   ██████ CSF DIVERS  ACCOUNT              US$

      TRANSACT  & BALANCE
                                                                 0 00         0 00          0 00
```

354 HAKIM ALBERT
LEDGER FROM 01 01 86 TO 31 12 86

H 02878

87 01 27 PAGE 17

/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
	###### CHARGES		US$			
1001	###### INTEREST PAID - CURRENT ACCOUNT		US$			
4 01	AT 3 % FROM 1/1/85	5033 5100001		2 920 00		2 920 00
	TRANSACT & BALANCE			2 920 00	0 00	2 920 00
72000	###### INTEREST PAID		FS			
	TRANSACT & BALANCE			0 00	0 00	0 00
2001	###### INTEREST PAID		US$			
31 3	15 5000 PN 8215 274783 PN 8215 INT FR 1/1/86	9093+ 1509 5131215		9 093 59		9 093 59
	TRANSACT. & BALANCE	9093+		9 093 59	0 00	9 093 59
3701	###### BANK CHARGES		US$			
7 1	BANK CHARGES	5008 5600001		2 39		2 39
10 10	BANK CHARGES	4253 5600001		50 00		52 39
	TRANSACT. & BALANCE			52 39	0 00	52 39

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT                                              H 02879          87 01 27  PAGE      18
         LEDGER                        FROM 01 01 86 TO 31 12 86

A/C.   NAME & DESCRIPTION                  DOC.NO CONTRA                        DEBIT          CREDIT         BALANCE

7            ****** INCOME                           US$

760801       ****** REAL. GAINS/LOSSES - CIBC        US$

       TRANSACT. & BALANCE                                                        0.00            0.00            0.00

761401       ****** REAL. GAINS/LOSSES - BEAR STEARNS   US$

 17 12 KEYSTONE INTERNATIONAL INC.
       GAIN                              14KII                                                  225.94          225.94-
 19 12 CITIZENS FINANCIAL GROUP INC
       LOSS                              16CITN                                  163.81                          62.13-
                                                                    -------------- --------------
       TRANSACT. & BALANCE                                                       163.81          225.94           62.13-

762201       ****** REAL. GAINS/LOSSES - MORGAN STANLEY US$

 16 12 JOHNSON ELECTRIC ORD. (HONG KONG)
       GAIN                              22JOHN       56 900.00-                                1 201.89        1 201.89-
                                                                    -------------- --------------
       TRANSACT. & BALANCE                            56 900.00-                   0.00         1 201.89        1 201.89-

762212       ****** REAL. GAINS/LOSSES - MORGAN STANLEY MFK

 22 12 POHJOLA (NEWS) B
       LOSS                              22POHJ                                5 035.72                        5 035.72
                                                                    -------------- --------------
       TRANSACT. & BALANCE                                                     5 035.72            0.00        5 035.72
```

535

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

```
                                                     H 02890
084      HAKIM ALBERT                                                              87 01 27  PAGE     19
         LEDGER                         FROM 01 01 86 TO 31 12 86

/C     NAME & DESCRIPTION                  DOC NO CONTRA                       DEBIT        CREDIT       BALANCE

2417      ###### REAL  GAINS/LOSSES - REED STENHOUSE HK$

  11 DAIRY FARM
       GAIN                                     24DF                                      3 746 30     3 746 30-
 7 12 HONG KONG LAND
       GAIN                                     24HKL                                     9 775 57
 7 12 DAIRY FARM
       GAIN                                     24DF                                     11 782 55    25 525 44-
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                                      0.00     25 525 44    25 525 44-

2420      ###### REAL  GAINS/LOSSES - REED STENHOUSE $AU

23 12 TECHNOMIN
       LOSS                                     24TECH                     1 559 71                    1 559 71
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                                 1 559 71          0 00      1 559 71

71201     ###### DIVIDENDS                                US$

25 11 KEYSTONE INTERNATIONAL INC
       DIVIDEND                        500- 8391 3600001                                    42 00         42 00-
                                                                          -------------- --------------
       TRANSACT. & BALANCE             500-                                     0 00        42 00         42 00-

71212     ###### DIVIDENDS                                MFK

       TRANSACT  & BALANCE                                                      0.00         0 00          0 00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4084 HAKIM ALBERT
LEDGER FROM 01 01 86 TO 31 12 86

87 01 27 PAGE 20

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
772201	****** INTEREST EARNED ON DEPOSITS US$					
15 6	INTEREST	2496	5600001		525 37	525.37-
16 6	CALL INT	6384	5600001		65.35	590.70-
9 7	CALL INTEREST JUNE	7078	5600001		276 03	866.73-
10 7	INTEREST	3096	5600001		2 671 23	3 537.96-
31 7	CALL INTEREST	7206	5600001		348 49	3 886.45-
6 8	INTEREST	3209	5600001		2 547 94	6 434 39-
2 9	INTEREST	3337	5600001		1 232 88	
2 9	INTEREST	7337	5600001		295.89	
2 9	INTEREST	7357	5600001		123.29	8 086 45-
3 9	INTEREST	7369	5600001		88.35	8 174 80-
8 9	CALL INT	7371	5600001		378 08	8 552 88-
15 9	INTEREST	3426	5600001		2 333 72	10 886.60-
7 10	CALL INTEREST	8029	5600001		245 96	11 132.56-
14 10	CALL INTEREST	8047	5600001		1 555.55	12 688 11-
15 10	INTEREST	4105	5600001		655.46	13 343.57-
3 11	CALL INTEREST	8193	5600001		401 30	13 744 87-
10 11	INTEREST	4288	5600001		28 76	13 773 63-
12 11	CALL INTEREST	8151	5600001		2 199 16	15 972 79-
	TRANSACT & BALANCE			0.00	15 972.79	15 972 79-

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

```
 784    HAKIM ALBERT                                    N 02882        87 01 27  PAGE    21
        LEDGER                    FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION              DOC NO CONTRA                 DEBIT        CREDIT       BALANCE

        ****** TRANSIT ACCOUNTS                 US$

0100    ****** TRANSIT ACCOUNT                  FS

      TRANSACT  & BALANCE                                            0.00          0.00          0.00

0101    ****** TRANSIT ACCOUNT                  US$

      TRANSACT  & BALANCE                                            0.00          0.00          0.00
                                                           ************** **************
             GRAND TOTALS                                  9 741 482.47  9 741 482.47          0.00

                                                           ************** **************
```

2000 C.S.F. INV. LTD
LEDGER FROM 01 01 85 TO 31 12 85 86 03 13 PAGE 205

M 02883

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
4064001	****** HAKIM ALBERT	CASH	US$				
1 1	BROUGHT FORWARD			17 461.30+	16 088.69		16 088.69
7 1	MGT FEES 4TH QUARTER 1984	5066	*720001		150.00		16 238.69
14 2	CHQ S.T.T. INTL	5351	5606001		5 000.00		
14 2	BANK CHARGES	5351	790001		20.00		21 258.69
21 2	RBT CHQ S.T.T INTL + BK CHARGES	5351	5606001			5 020.00	16 238.69
25 2	CHQ 393 STANFORD TECHN.	5214	5606001		8 000.00		
25 2	BC RE CHQ 393	5214	790001		10.00		
25 2	RBT CHQ 393	5214	5606001			8 010.00	16 238.69
2 4	MGT FEES 1ST Q 85	6001	*720001		150.00		16 388.69
6 6	TRANSFER	2447	5900001			896.85	15 491.84
8 7	MGT FEES 2ND QUARTER 85	7001	*720001		150.00		15 641.84
17 12	BAL. OF A/C PHASE I,II AND III	8333	999901			82 031.09	
17 12	PROFIT DISTRIBUTION PHASE IV	8333	999901			100 800.00	
17 12	PN 8218 REDEMPTION	4550	5900001		143 998.17		23 191.08-

CSF INVESTMENTS LTD.

2000 C.S.F INV LTD

000 C.S.F. INV. LTD 86 03 13 PAGE 206
LEDGER FROM 01 01 85 TO 31 12 85

II 02884

/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
64001	HAKIM ALBERT CASH		(SUITE)				
6	12 RD. CASH WITHDRAWAL	8387	5606001		62 400.00		39 208.92
	TRANSACT. & BALANCE			17 461.30+	235 966.86	196 757.94	39 208.92
64101	****** HAKIM ALBERT	LOANS	US$				
1	1 BROUGHT FORWARD				517 139.88		517 139.88
8	2 PN 8218 INT FR 1/1/84	1373	5900101		81 475.73		598 615.61
1	5 PN 8218 INT FR 1/3/85	2385	5900101		11 547.08		
1	5 PN 8218 PART RBT	2385	5900101			X250 000.00	360 162.69
0	6 PN 8218 INT FR 21/5	2496	5900101		1 949.37		362 112.06
0	9 PN 8215 INT FR 30/6/85	3458	5900101		44 028.69		
0	9 PN 8218 INT FR 30/6/85	3458	5900101		4 665.79		410 806.54
7	12 PN 8218 ADJ. INT. 17/12-31/12	4550	5900101			682.05	
7	12 PN 8218 REDEMPTION	4550	5900101			✓143 998.17	266 126.32
1	12 PN 8215 INT 4TH QUARTER 85	4504	5900101		8 902.10		
1	12 PN 8218 INT 4TH QUARTER 85	4505	5900101		4 774.29		279 802.71
	TRANSACT. & BALANCE				674 482.93	394 680.22	279 802.71
64301	****** HALBERT HAKIM		US$				
1	7 TEL CHARGES	91	*631001		63.75		63.75
1	8 TEL CHARGES	92	*631001		70.00		133.75
	TRANSACT. & BALANCE				133.75	0.00	133.75
64601	****** HAKIM ALBERT	MISCEL.	US$				
1	1 BROUGHT FORWARD					896.85	896.85-
6	6 TRANSFER	2447	5900601		896.85		0.00
	INVESTMENTS LTD. HAMILTON BERMUDA				896.85	896.85	0.00

```
4064     HAKIM ALBERT                                                            85 01 13  PAGE      1
         LEDGER                      FROM 01 01 84 TO 31 12 84

A/C   NAME & DESCRIPTION                DOC.NO CONTRA                        DEBIT        CREDIT       BALANCE

         ****** CAPITAL                               US$
                                                             N 02885

00000    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS     FS

      TRANSACT. & BALANCE                                                     0.00          0.00          0.00

00001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS     US$

 9  2 TR TO BK OF THE WEST              1516 5600001                     59 500.00                   59 500.00
14  2 N/F SFR 133279                    1350 5600001                                   59 500.00          0.00
 1  3 TR. FF 10000.- LA ROCHELLE        1564 5600001                      1 265.00                    1 265.00
 5  3 TR. LOS GATOS (CARPETS)           1705 5600001                     38 000.00                   39 265.00
 1  4 RBT PN 8304 STC                   2052 5600001                      3 294.11                   42 559.11
16  5 PMT F. 7340                            5600001                         51.39                   42 610.50
 3  9 CHQ 168 SAUNDERS                  3450 5600001        200.00+         261.82                   42 872.32
                                                                   -------------- -------------
      TRANSACT. & BALANCE                                   200.00+     102 372.32     59 500.00     42 872.32

01000    ****** CAPITAL INVESTED                      FS

 1  1 BROUGHT FORWARD           23000+                                   15 777.69
 1  1 4TH QTR P/L. NET BALANCE                                            1 483.61                   17 261.30
23  2 PMT F. 7338                       1438 5600300      7 927.12-                    17 261.30          0.00
                                                                   -------------- -------------
      TRANSACT. & BALANCE       23000+                    7 927.12-      17 261.30     17 261.30          0.00

01001    ****** CAPITAL INVESTED                      US$

 1  1 BROUGHT FORWARD          493323+                                  434 417.51
 1  1 4TH QTR P/L. NET BALANCE                                                          6 133.27    428 284.24
 5  1 MGT FEE 4TH Q 83                  1004 5600001                        150.00                  428 434.24
23  2 PMT F. 7338                       1438 5600001     17 261.30+       7 927.12                  436 361.36
 5  4 MGT FEE 1ST Q 84                  2001 5600001                        150.00                  436 511.36
```

F INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT                                                                      85 01 13  PAGE      2
         LEDGER                         FROM 01 01 84 TO 31 12 84

A/C   NAME & DESCRIPTION                     DOC.NO CONTRA                     DEBIT          CREDIT       BALANCE

01001 CAPITAL INVESTED                              (SUITE)  02886
19  9 PMT INV NO 7136/6364 CONTEC             3586 5600601                  1 486.57                      437 997.93
 5 10 MGT FEES 3RD Q 84                        637 5600001                    150.00
 5 10 MGT FEES 2ND Q 84                        637 5600001                    150.00                      438 297.93
                                                                       -------------- --------------
      TRANSACT. & BALANCE       493323+                     17 261.30+   444 431.20       6 133.27     438 297.93
```

F INVESTMENTS LTD.
HAMILTON, BERMUDA

```
4064     HAKIM ALBERT                                                              85 01 13  PAGE      3
         LEDGER                    FROM 01 01 84 TO 31 12 84

A/C    NAME & DESCRIPTION                DOC NO CONTRA                 DEBIT         CREDIT        BALANCE

         ****** ASSETS & LIABILITIES                   US$       II 02887

0        ****** LOANS & INV  PAYABLE                   US$

05       ****** LOANS & INVEST  PAYABI E WITH CSF      US$

05100    ****** LOANS PAYABLE                          FS
       TRANSACT  & BALANCE                                                      0.00          0.00           0.00
05101    ****** LOANS PAYABLE                          US$
 1   1 BROUGHT FORWARD            465267-                                              465 267.96     465 267.96-
30   6 15.5000 PN 8215 2/4/83          8
       PN 8215 INT FR 2/8/82 15.5   51872-   2887 672001                                51 871.92     517 139.88-
                                                               -------------- --------------
       TRANSACT  & BALANCE        517139-                    .          0.00     517 139.88     517 139.88-
2        ****** FIXED TIME DEP  THROUGH CSF            US$

25601    ****** CONTINENTAL BANK BRUSSELS              US$
24   1  9.5000 CONTINENTAL BANK 24/4/84 B
       FIDUCIARY DEPOSIT           30000+    88 5600001                30 000.00                    30 000.00
24   4  9.5000 CONTINENTAL BANK 24/4/84 B
       REDEMPTION                  30000-   209 5600001                               30 000.00          0.00
                                                               -------------- --------------
       TRANSACT  & BALANCE                                             30 000.00     30 000.00           0.00
```

F INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT                                                                  85 01 13  PAGE      4
         LEDGER                        FROM 01 01 84 TO 31 12 84

A/C    NAME & DESCRIPTION                 DOC.NO CONTRA                          DEBIT         CREDIT        BALANCE

                                                                                H 02888
56          ****** CASH IN HAND                        US$

5600000     ****** CSF CURRENT ACCOUNT                 FS

 1  1 BROUGHT FORWARD             23000-                                          0.00                          0.00
                                                                           -------------- --------------
      TRANSACT. & BALANCE         23000-                                          0.00          0.00            0.00

5600001     ****** CSF CURRENT ACCOUNT                 US$

 1  1 BROUGHT FORWARD             28056-                                     34 600.30                     34 600.30
 5  1 MGT FEE 4TH Q 83                         1004 101001                                    150.00       34 450.30
24  1  9.5000 CONTINENTAL BANK 24/4/84 8
      FIDUCIARY DEPOSIT           30000-         88 563115B                               30 000.00         4 450.30
 9  2 TR TO BK OF THE WEST                     1516 100001                                59 500.00        55 049.70-
14  2 N/F SFR 133279                           1350 100001                   59 500.00                      4 450.30
23  2 PMT F. 7338                              1438 101001     17 261.30-                  7 927.12         3 476.82-
 1  3 TR. FF 10000.- LA ROCHELLE               1564 100001                                 1 265.00
 1  3 BANK CHARGES                             1564 673701                                    10.00         4 751.82-
 5  3 TR. LOS GATOS (CARPETS)                  1705 100001                                38 000.00        42 751.82-
 1  4 RBT PN 8304 STC                          2052 100001                                 3 294.11        46 045.93-
 5  4 MGT FEE 1ST Q 84                         2001 101001                                    150.00       46 195.93-
24  4  9.5000 CONTINENTAL BANK 24/4/84 8
      REDEMPTION                  30000+        209 563115B                  30 000.00
24  4 INTEREST                                  209 772201                      720.45                     15 475.48-
16  5 PMT F. 7340                                   100001                                     51.39       15 526.87-
 3  9 CHQ 168 SAUNDERS                         3450 100001        200.00-                     261.82       15 788.69-
 5 10 MGT FEES 3RD Q 84                         637 101001                                    150.00
 5 10 MGT FEES 2ND Q 84                         637 101001                                    150.00       16 088.69-
                                                                           -------------- --------------
      TRANSACT. & BALANCE         28056-                       17 461.30-   124 820.75    140 909.44       16 088.69-
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064    HAKIM ALBERT                                                            85 01 13  PAGE      5
        LEDGER                      FROM 01 01 84  TO 31 12 84

A/C   NAME & DESCRIPTION                DOC NO CONTRA                       DEBIT        CREDIT      BALANCE

                                                                                      N 02889
600300   ****** CSF INVOICES                       FS

 1  1 BROUGHT FORWARD                                                                  17 261 30    17 261 30-
23  2 PMT F  7338                       1438 101000      7 927 12+     17 261 30                        0 00
                                                                    -------------- --------------
      TRANSACT. & BALANCE                                7 927.12+     17 261.30      17 261.30         0.00

600601   ****** CSF DIVERS  ACCOUNT                US$

 1  1 BROUGHT FORWARD                                                   2 383.42                     2 383.42
19  9 PMT INV NO 7136/6364 CONTEC       3586 101001                                    1 486.57       896.85
                                                                    -------------- --------------
      TRANSACT. & BALANCE                                               2 383.42       1 486.57       896.85

600801   ****** CSF LTD BERMUDA DEPOSIT A/C        US$

      TRANSACT. & BALANCE                                                   0.00           0.00         0.00
```

F INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064    HAKIM ALBERT                                                                    85 01 13  PAGE       6
        LEDGER                     FROM 01 01 84 TO 31 12 84

A/C   NAME & DESCRIPTION                 DOC.NO CONTRA                    DEBIT       CREDIT       BALANCE

                                                                                 № 02800
         ****** CHARGES                                 US$

72000    ****** INTEREST PAID                           FS

      TRANSACT  & BALANCE                                                 0.00         0.00          0.00

72001    ****** INTEREST PAID                           US$

30   6 15.5000 PN 8215 2/4/83           8
      PN 8215 INT FR 2/8/82 15.5   51872+  2887 5131215              51 871.92                   51 871.92
                                                                --------------  --------------
      TRANSACT  & BALANCE          51872+                            51 871.92         0.00      51 871.92

73701    ****** BANK CHARGES                            US$

 1   3 BANK CHARGES                        1564 5600001                  10.00                       10.00
                                                                --------------  --------------
      TRANSACT  & BALANCE                                                10.00         0.00          10.00
```

F INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064     HAKIM ALBERT                                                           85 01 13  PAGE      7
         LEDGER                         FROM 01 01 84 TO 31 12 84

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                    DEBIT          CREDIT      BALANCE

         ****** INCOME                            US$                              02821

72201    ****** INTEREST EARNED ON DEPOSITS       US$

24   4 INTEREST                          209 5600001                                 720.45      720.45-
                                                                 --------------  --------------
      TRANSACT  & BALANCE                                              0.00          720.45      720.45-
```

F INVESTMENTS LTD.
HAMILTON BERMUDA

```
4064    HAKIM ALBERT                                                                  85 01 13  PAGE     8
        LEDGER                     FROM 01 01 84 TO 31 12 84

A/C   NAME & DESCRIPTION              DOC.NO CONTRA                DEBIT         CREDIT      BALANCE

        ****** TRANSIT ACCOUNTS                     US$

00100   ****** TRANSIT ACCOUNT                      FS
      TRANSACT. & BALANCE                                           0.00           0.00         0.00
00101   ****** TRANSIT ACCOUNT                      US$
      TRANSACT. & BALANCE                                           0.00           0.00         0.00
                                                           *************** ***************
              GRAND TOTALS                                     790 412.21     790 412.21        0.00
                                                           *************** ***************
```

li 02892

SF INVESTMENTS LTD.
HAMILTON BERMUDA

```
         HAKIM ALBERT                                                              84 01 24  PAGE      1
         LEDGER                  FROM 01 10 83 TO 31 12 83                         H 02893

      NAME & DESCRIPTION           DOC.NO CONTRA                      DEBIT        CREDIT        BALANCE

      TRANSIT ACCOUNT                          (SUITE)

         ****** CAPITAL                        US$

000      ****** CAPITAL INVESTED               FS

   10 BROUGHT FORWARD        23000+                              23 000.00                    23 000.00
   10 F.7338                             5600300                 17 261.30                    40 261.30
   12 TR FR US  A/C                      5600000                              24 483.61       15 777.69
                                                            -------------- --------------
      TRANSACT. & BALANCE    23000+                              40 261.30    24 483.61       15 777.69

001      ****** CAPITAL INVESTED               US$

   10 BROUGHT FORWARD       493323+                             423 023.60                   423 023.60
   10 MGT FEES 3RD Q 83             4003 5600001                    150.00                   423 173.60
   12 TR TO SFR A/C                      5600001                 11 243.91                   434 417.51
                                                            -------------- --------------
      TRANSACT. & BALANCE   493323+                             434 417.51         0.00      434 417.51
      HAKIM ALBERT
      LEDGER                               FROM 01 10 83 TO 31 12 83                          84 01 24  PAGE      2

    NAME & DESCRIPTION                     DOC.NO CONTRA                    DEBIT         CREDIT        BALANCE

      ****** ASSETS & LIABILITIES                    US$
                                                                                      H 02894
      ****** LOANS & INV. PAYABLE                    US$

      ****** LOANS & INVEST. PAYABLE WITH CSF        US$

100   ****** LOANS PAYABLE                           FS

  10 BROUGHT FORWARD              23000-                                           23 000.00     23 000.00-
  12 PN 8303 INT 7.5% INT CAP
     PN 8303 INT FR 11/1/83                   672000                                1 483.61
  12 PN 8303 INT 7.5% INT CAP
     PN 8303 INT PMT + RBT        23000+      5600000                24 483.61                        0.00

                                                               -------------- --------------
     TRANSACT. & BALANCE                                             24 483.61     24 483.61          0.00

101   ****** LOANS PAYABLE                           US$

  10 BROUGHT FORWARD             493323-                                          493 325.58    493 325.58-
  12 PN 8211 INT 18% 1/6/82 - 1/6/83
     PN 8211 INT FR 1/6                       672001                                1 793.97
  12 PN 8211 INT 18% 1/6/82 - 1/6/83
     PN 8211 INT PMT + RBT        17962+      5600001                19 756.47
  12 PN 8225 INT 13% INT CAP. MTH
     PN 8225 INTFR 1/12/82                    672001                                  690.38
  12 PN 8225 INT 13% INT CAP. MTH
     PN 8225 INT PMT + RBT         4716+      5600001                 5 406.58
  12 PN 8226 INT 13% INT CAP. MTH
     PN 8226 INT FR 1/12/82                   672001                                  422.89
  12 PN 8226 INT 13% INT CAP. MTH
     PN 8226 INT PMT + RBT         2888+      5600001                 3 311.81
  12 PN 8227 INT 13% INT CAP. MTH
------------------------------------------------------------------------------------------------------------
```

```
4064     HAKIM ALBERT                                                                  84 01 24  PAGE
         LEDGER                       FROM 01 10 83 TO 31 12 83

A/C.  NAME & DESCRIPTION                 DOC.NO CONTRA                       DEBIT        CREDIT        BALANCE
                                                                                      || 02895
05101 LOANS PAYABLE                                 (SUITE)
      PN 8227 INT FR 1/12/82                    672001                                    364.49
31 12 PN 8227 INT 13% INT CAP. MTH
      PN 8227 INT PMT + RBT            2490+    5600001                   2 854.49                   465 [illegible]

                                                                    -------------- --------------
      TRANSACT. & BALANCE           465267-                          31 329.35    496 597.31      465 [illegible]

2        ****** FIXED TIME DEP. THROUGH CSF          US$

6        ****** CASH IN HAND                          US$

600000   ****** CSF CURRENT ACCOUNT                   FS

31 12 PN 8303 INT 7.5% INT CAP
      PN 8303 INT PMT + RBT           23000-    5131303                                24 483.61
31 12 TR FR US A/C                              101000                   24 483.61                        0

                                                                    -------------- --------------
      TRANSACT. & BALANCE            23000-                          24 483.61     24 483.61           0

600001   ****** CSF CURRENT ACCOUNT                   US$

 1 10 BROUGHT FORWARD                                                                  2 081.44      2 081
 3 10 INT 9.5% "CSF BERMUDA"                 32 772201                    2 992.50                     911
 5 10 MGT FEES 3RD Q 83                    4003 101001                                   150.00        761
31 12 PN 8211 INT 18% 1/6/82 - 1/6/83
      PN 8211 INT PMT + RBT           17962-    5131211                                19 756.47
31 12 PN 8225 INT 13% INT CAP. MTH
      PN 8225 INT PMT + RBT            4716-    5131225                                 5 406.58
31 12 PN 8226 INT 13% INT CAP. MTH
      PN 8226 INT PMT + RBT            2888-    5131226                                 3 311.81
31 12 PN 8227 INT 13% INT CAP. MTH
      PN 8227 INT PMT + RBT            2490-    5131227                                 2 854.49
31 12 INT 9.5%                                  772201                    6 412.50
```

551

```
      HAKIM ALBERT                                                                 84 01 24  PAGE      6
      LEDGER                         FROM 01 10 83 TO 31 12 83

    NAME & DESCRIPTION                  DOC.NO CONTRA                   DEBIT    II 02[illegible]6 CREDIT      BALANCE

0001CSF CURRENT ACCOUNT                            (SUITE)
  12 ABT                                        5600801             70 000.00
  12 TR TO SFR A/C                              101001                               11 243.91       34 600.30

                                                                 -------------- --------------
    TRANSACT. & BALANCE           28056-                            79 405.00       44 804.70       34 600.30 -

00300    ****** CSF INVOICES                         FS

  10 F.7338                                     101000                               17 261.30       17 261.30-

                                                                 -------------- --------------
    TRANSACT. & BALANCE                                                  0.00       17 261.30       17 261.30-

00601    ****** CSF DIVERS  ACCOUNT                  US$

  10 BROUGHT FORWARD                                                 2 383.42                        2 383.42

                                                                 -------------- --------------
    TRANSACT. & BALANCE                                              2 383.42            0.00        2 383.42

00801    ****** CSF LTD BERMUDA DEPOSIT A/C          US$

  10 BROUGHT FORWARD                                                70 000.00                       70 000.00
  12 RBT                                        5600001                              70 000.00            0.00

                                                                 -------------- --------------
    TRANSACT. & BALANCE                                             70 000.00       70 000.00            0.00
```

```
4064     HAKIM ALBERT                                                                  84 01 24  PAGE
         LEDGER                    FROM 01 10 83 TO 31 12 83

A/C.  NAME & DESCRIPTION                DOC.NO CONTRA                    DEBIT        CREDIT       BALANC
                                                                      ‖ 02897

6          ****** CHARGES                         US$

672000     ****** INTEREST PAID                   FS

 31 12 PN 8303 INT 7.5% INT CAP
       PN 8303 INT FR 11/1/83                 5131303                 1 483.61                  1 48

                                                                ---------------  --------------
       TRANSACT. & BALANCE                                             1 483 61          0.00   1 48

672001     ****** INTEREST PAID                   US$

 31 12 PN 8211 INT 18% 1/6/82 - 1/6/83
       PN 8211 INT FR 1/6                     5131211                 1 793.97
 31 12 PN 8225 INT 13% INT CAP. MTH
       PN 8225 INTFR 1/12/82                  5131225                   690.38
 31 12 PN 8226 INT 13% INT CAP. MTH
       PN 8226 INT FR 1/12/82                 5131226                   422.89
 31 12 PN 8227 INT 13% INT CAP. MTH
       PN 8227 INT FR 1/12/82                 5131227                   364.49                  3 271

                                                                ---------------  --------------
       TRANSACT. & BALANCE                                             3 271 73          0.00   3 271
```

553

```
     HAKIM ALBERT                                                                 84 01 24  PAGE      6
     LEDGER                          FROM 01 10 83 TO 31 12 83

   NAME & DESCRIPTION                   DOC.NO CONTRA                 DEBIT        CREDIT       BALANCE

                                                                             H 02698
     ****** INCOME                               US$

201  ****** INTEREST EARNED ON DEPOSITS          US$

 10 INT 9.5% "CSF BERMUDA"              32 5600001                              2 992.50      2 992.50
 12 INT 9.5%                               5600001                              6 412.50      9 405.00
                                                                --------------  --------------
   TRANSACT. & BALANCE                                                    0.00      9 405.00      9 405.00
 4064     HAKIM ALBERT
          LEDGER                                                                        84 01 24  PAGE      1
                                  FROM 01 10 83 TO 31 12 83

 A/C   NAME & DESCRIPTION              DOC NO CONTRA                   DEBIT         CREDIT       BALANCE

 9           ****** TRANSIT ACCOUNTS              US$

 900100      ****** TRANSIT ACCOUNT               FS

       TRANSACT  & BALANCE
                                                                        0.00           0.00            0
 900101      ****** TRANSIT ACCOUNT               US$

       TRANSACT  & BALANCE
                                                                        0.00           0.00            0
                                                              ************** **************
                  GRAND TOTALS                                      711 519.14     711 519.14          0

                                                              ************** **************
```

II 02[illegible]9

```
-U64     HAKIM ALBERT                                                                      83 10 17  PAGE      1
         LEDGER                       FROM 01 07 83 TO 30 09 83

A/C    NAME & DESCRIPTION                     DOC.NO CONTRA                  DEBIT          CREDIT        BALANCE

/      TRANSIT ACCOUNT                               (SUITE)

          ###### CAPITAL                             US$

101000    ###### CAPITAL INVESTED                    FS

  1  7 PN 8303 INT 7.5% INT CAP
       BALANCE B/F                 23000+     5131303                  23 000.00                     23 000.00
                                                                  -------------- --------------
       TRANSACT. & BALANCE         23000+                              23 000.00           0.00      23 000.00

101001    ###### CAPITAL INVESTED                    US$

  1  7 PN 8211 INT 18% 1/6/82 - 1/6/83
       BALANCE B/F                 17962+     5131211                  17 692.50
  1  7 PN 8215 INT 15.5% 2/8/82 - 2/4/83
       BALANCE B/F                175000+     5131215                 175 000.00
  1  7 PN 8218 INT 13.5% INDEFINI TERM
       BALANCE B/F                290267+     5131218                 290 267.96
  1  7 PN 8225 INT 13% INT CAP. MTH
       BALANCE B/F                  4716+     5131225                   4 716.20
  1  7 PN 8226 INT 13% INT CAP. MTH
       BALANCE B/F                  2888+     5131226                   2 888.92
  1  7 PN 8227 INT 13% INT CAP. MTH
       BALANCE B/F                  2490+     5131227                   2 490.00
  1  7 BALANCE B/F                            5600001                   1 931.44
  1  7 BALANCE B/F                            5600601                                  2 383.47
  1  7 BALANCE B/F                            5600801                                 70 000.00
  1  7 PN 8211 INT 18% 1/6/82 - 1/6/83
       BALANCE B/F                            5131211                     270.00                    422 873.60
  5  7 MGT FEES 2ND Q 83                 3002 5600001                     150.00                    423 023.60
                                                                  -------------- --------------
       TRANSACT. & BALANCE        493323+                             495 407.02      72 383.47     423 023.60
```

```
4034      HAKIM ALBERT                                                                          83 10 17  PAGE      2
          LEDGER                          FROM 01 07 83 TO 30 09 83

A/C    NAME & DESCRIPTION                      DOC.NO CONTRA                        DEBIT         CREDIT        BALANCE
```

H 02901

557

```
-------------------------------------------------------------------------------------------------
```

```
 4064    HAKIM ALBERT                                                          83 10 17  PAGE      3
         LEDGER                  .ROM 01 07 83 TO 30 09 83

 A/C.  NAME & DESCRIPTION                 DOC.NO CONTRA                 DEBIT         CREDIT       BALANCE

 5          ****** ASSETS & LIABILITIES               US$

                                                                              II 02902
 50         ****** LOANS & INV. PAYABLE               US$

 505        ****** LOANS & INVEST. PAYABLE WITH CSF   US$

 505100     ****** LOANS PAYABLE                      FS

   1   7 PN 8303 INT 7.5% INT CAP
         BALANCE B/F               23000-      101000                              23 000.00     23 000.00

                                                                --------------  --------------
         TRANSACT. & BALANCE       23000-                                 0.00     23 000.00     23 000.00

 505101     ****** LOANS PAYABLE                      US$

   1   7 PN 8211 INT 18% 1/6/82 - 1/6/83
         BALANCE B/F               17962-      101001                              17 692.50
   1   7 PN 8215 INT 15.5% 2/8/82 - 2/4/83
         BALANCE B/F              175000-      101001                             175 000.00
   1   7 PN 8218 INT 13.5% INDEFINI TERM
         BALANCE B/F              290267-      101001                             290 267.96
   1   7 PN 8225 INT 13% INT CAP. MTH
         BALANCE B/F                4716-      101001                               4 716.70
   1   7 PN 8226 INT 13% INT CAP. MTH
         BALANCE B/F                2888-      101001                               2 888.92
   1   7 PN 8227 INT 13% INT CAP. MTH
         BALANCE B/F                2490-      101001                               2 490.00
   1   7 PN 8211 INT 18% 1/6/82 - 1/6/83
         BALANCE B/F                           101001                                 270.00    493 325.58

                                                                --------------  --------------
         TRANSACT. & BALANCE      493323-                                 0.00    493 325.58    493 325.58
```

```
064     HAKIM ALBERT                                                               83 10 17  PAGE    4
        LEDGER                      FROM 01 07 83 TO 30 09 83
A/C   NAME & DESCRIPTION               DOC.NO CONTRA                      DEBIT        CREDIT      BALANCE

52      ****** FIXED TIME DEP. THROUGH CSF        US$
                                                                                  H 02903
        ****** CASH IN HAND                       US$

5600001 ****** CSF CURRENT ACCOUNT                US$

  1  7 BALANCE B/F                              101001                         1 931.44    1 931.44-
  5  7 MGT FEES 2ND Q 83                   3002 101001                           150.00    2 081.44-
                                                               -------------- --------------
     TRANSACT. & BALANCE                                                 0.00    2 081.44    2 081.44-
5600601 ****** CSF DIVERS  ACCOUNT                US$

  1  7 BALANCE B/F                              101001               2 383.42                2 383.42
                                                               -------------- --------------
     TRANSACT. & BALANCE                                             2 383.42        0.00    2 383.42
5600801 ****** CSF LTD BERMUDA DEPOSIT A/C        US$

  1  7 BALANCE B/F                              101001              70 000.00               70 000.00
                                                               -------------- --------------
     TRANSACT. & BALANCE                                            70 000.00        0.00   70 000.00
```

```
4064     HAKIM ALBERT                                                                  83 10 17  PAGE     5
         LEDGER                    FROM 01 07 83 TO 30 09 83

A/C.  NAME & DESCRIPTION              DOC.NO CONTRA                    DEBIT        CREDIT      BALANCE

6        ****** CHARGES                            US$
```

11 02904

```
4064     HAKIM ALBERT                                                        83 10 17  PAGE     6
         LEDGER                  FROM 01 07 83 TO 30 09 83

A/C.   NAME & DESCRIPTION          DOC.NO CONTRA                DEBIT        CREDIT       BALANCE

/      CHARGES                              (SUITE)

/         ****** INCOME                     US$
```

ll 02905

```
 4064     HAKIM ALBERT                                                                    83 10 17  PAGE      7
          LEDGER                      .ROM 01 07 83 TO 30 09 83

 A/C.  NAME & DESCRIPTION                DOC.NO CONTRA                        DEBIT         CREDIT       BALANCE

9      INCOME                                       (SUITE)

9         ****** TRANSIT ACCOUNTS                   US$

                                                                                    02906
900100    ****** TRANSIT ACCOUNT                    FS

       TRANSACT. & BALANCE                                                    0.00           0.00          0.00

900101    ****** TRANSIT ACCOUNT                    US$

       TRANSACT. & BALANCE                                                    0.00           0.00          0.00
                                                                    ************** **************
               GRAND TOTALS                                             590 790.44     590 790.44          0.00

                                                                    ************** **************
```

562

```
        [illegible]                                                                    83 07 12  PAGE
        [illegible]                 FROM 01 04 83 TO 30 06 83

   [illegible] DESCRIPTION              DOC NO CONTRA                    DEBIT          CREDIT       [illegible]

1            ***** CAPITAL                          US$
                                                                              02907
         [illegible] CAPITAL INVESTED               SFR

      4 BROUGHT FORWARD           18000+                               18 000 00                    18 [illegible]
   [illegible] 3302 7.5% INT COR
       [illegible] 753 EXPORTRADE  5000+  2212 5131303                   5 000 00                    23 [illegible]
                                                             ------------ ------------
     [illegible] 3 BALANCE        23000+                               23 000 00         0.00       23 [illegible]

101001       ****** CAPITAL INVESTED                US$

  1  4 BROUGHT FORWARD            [illegible]           [illegible]   390 659 69
  1  5 [illegible] P/L  NET BALANCE                                                   4 118 38      386 [illegible]
  5  6 [illegible]                       2001 5600001                     150 00                    386 [illegible]
  8  5 [illegible] 3218 13.5%  INDEFINI TERMF
         TF TO LOS GATOS          30000+  2150 5131212                 30 000 00                    41[illegible]
 27  6 [illegible] 3218 13.5%  INDEFINI TERMF
         [illegible] COMM          5617+  2262 5131212                  5 617 61                    422 [illegible]
  2  6 TF TO STC                          2734 5600001                 20 000 00
  2  [illegible] TO STC                   2734 5600001                     10 00                    442 [illegible]
  3  6 [illegible] 4043 SAUDI ARABIAN     2675 5600001                    564 68                    442 [illegible]
 17  [illegible] STC                      2646 5600001                                 20 010 00     422 [illegible]
 24  6 TF TO STC LOS GATOS                2909 5600001                 15 000 00
 24  [illegible] TF TO STC LOS GATOS      2909 5600001                     10 00                    437 [illegible]
 [illegible] TR STC                       2841 5600001                                 15 010 00     422 [illegible]
                                                             ------------ ------------
     [illegible] BALANCE         358303+               28 051 73+    462 011 98        39 138 38     422 [illegible]
```

```
[illegible]
LEDGER                       FROM 01 04 83 TO 30 06 83                                          [illegible]

[illegible] DESCRIPTION             DOC NO CONTRA                      DEBIT        CREDIT      BALANCE

****** CAPITAL INVESTED                   F.D.

ACCT. X BALANCE                                                         0.00      02908 0.00     [illegible]
```

```
  [illegible]  [illegible]                                                     83 07 12  PAGE
               LEDGER                FROM 01 04 83 TO 30 06 83
[illegible]  [illegible] & DESCRIPTION              DOC NO CONTRA                  DEBIT          CREDIT       [illegible]

[illegible]        ****** ASSETS & LIABILITIES                  US$
                                                                                          II 02909
[illegible]        ****** LOANS & INT PAYABLE                   US$

[illegible]        ****** L & I PAYABLE WITH CSF                US$

505100       ****** LOANS PAYABLE                         SFR

   1  4 BROUGHT FORWARD              18000-                                              18 000.00     18 [illegible]
  12  4 EU 8303 7.5% INT CAP
        CHQ 753 EXPANTRADE            5000-  2212 101000                                  5 000.00     23 [illegible]
                                                                      -------------- --------------
        TRANSACT. & BALANCE          23000-                                   0.00      23 000.00     23 [illegible]

505101       ****** LOANS PAYABLE                         US$

   1  4 BROUGHT FORWARD             457704-                  444.73-                    457 707.97    457 [illegible]
   8  4 EU 3218 13.5%  INDEFINI TERMS
        TR TO LOS GATOS              30000-  2150 101001                                 30 000.00    487 [illegible]
  27  4 EU 8218 13.5%  INDEFINI TERMS
        CHQ TO EQUITEC COMM           5617-  2262 101001                                  5 617.61    493 [illegible]
                                                                      -------------- --------------
        TRANSACT. & BALANCE         493321-                  444.73-          0.00     493 325.58    493 [illegible]

52           ****** [illegible] THROUGH CSF               US$

52[illegible]01      ****** CREDIT LYONNAIS BRUSSELS              US$

        TRANSACT. & BALANCE                                                   0.00          0.00
```

565

```
[illegible]IM, ALBERT                                                                  83 07 12 1504        6
LEDGER                           FROM 01 04 83 TO 30 06 83

[illegible] & DESCRIPTION            DOC NO CONTRA                        DEBIT        CREDIT       BALANCE

   ****** CASH IN HAND                        US$

                                                                    N 029[illegible]0
   ****** CSF CURRENT ACCOUNT                 SFR
TRANSACT  & BALANCE                                                  0 00          0 00          0 00

   ****** CSF CURRENT ACCOUNT                 US$

BROUGHT FORWARD            167535+                     27 607 00-    8 783 24
TR TO CSF BERMUDA                       [illegible]                             10 000 00     1 216 76-
MGT FEE 1ST QTR 83                     2001 101001                                 150 00     1 366 76-
TR TO STC                              2734 101001                              20 000 00
TR TO STC                              2734 101001                                  10 00    21 376 76-
[illegible] F  4033 SAUDI ARABIAN      2625 101001                                 564 68    21 941 44-
[illegible] AVANCE STC                 2646 101001                  20 010 00                 1 931 44-
TR TO STC LOS GATOS                    2909 101001                              15 000 00
TR TO STC LOS GATOS                    2909 101001                                  10 00    16 941 44-
[illegible] TR STC                     2841 101001                  15 010 00                 1 931 44-
                                                               ---------------------------------
TRANSACT  & BALANCE        167535+                     27 607 00-   43 803 24    45 734 68     1 931 44-

   ****** CSF CURRENT ACCOUNT                 PDS

TRANSACT  & BALANCE                                                  0 00          0 00          0 00

   ****** CSF DIVERS ACCOUNT                  US$

BROUGHT FORWARD                                                   2 383 42                   2 383 42
                                                               ---------------------------------
TRANSACT  & BALANCE                                               2 383 42          0 00     2 383 42
```

```
4044     HAKIM, ALBERT                                                              83 07 12  PAGE
         LEDGER                       FROM 01 04 83 TO 30 06 83

A/C   NAME & DESCRIPTION                    DOC.NO CONTRA                  DEBIT          CREDIT      BAL

5600201    ****** CSF LTD BERMUDA DEPOSIT A/C         US$

  1   4 BROUGHT FORWARD                                               60 000 00
  1   4 TR TO CSF BERMUDA                        5600001              10 000.00                     70

                                                                   -------------- --------------
      TRANSACT  & BALANCE                                             70 000 00           0.00     70
```

|| 02911

```
HAKIM, ALBERT                                                                  83 07 12 PAGE      6
LEDGER                       FROM 01 04 83 TO 30 06 83
DATE & DESCRIPTION             DOC NO CONTRA                          DEBIT        CREDIT      BALANCE

   ****** CHARGES                             US$
                                                                          H 02912
   ****** INTEREST PAID                       SFR
TRANSACT  & BALANCE                                                   0.00          0.00         0.00
   ****** INTEREST PAID                       US$
TRANSACT  & BALANCE                                                   0.00          0.00         0.00
```

568

```
4044     HAKIM, ALBERT                                                                   83 07 12  PAGE
         LEDGER                     FROM 01 04 83 TO 30 06 83

A/C   [illegible] DESCRIPTION              DOC NO CONTRA                       DEBIT        CREDIT      B[illegible]

7          ****** INCOME                          US$

772201     ****** INT EARNED ON FTD               US$
      TRANSACT  & BALANCE                                                      0 00         0 00
```

H 02913

```
 4064     HAKIM, ALBERT                                                    [redacted]  83 07 12  PAGE
          LEDGER                        FROM 01 04 83 TO 30 06 83

 A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                 DEBIT [redacted]            BALANC

 9          ****** OPENING / CLOSING ENTRIES              US$                 02914

 900100     ****** BALANCES CARRIED FORWARD               SFR

       TRANSACT. & BALANCE                                                0.00                    0.00

 900101     ****** BALANCES CARRIED FORWARD               US$

   1  4 BROUGHT FORWARD                 39257-                            0.00                    0.00
                                                                   ---------------------------
       TRANSACT. & BALANCE              39257-                            0.00          0.00      0.00

 900102     ****** BALANCES CARRIED FORWARD               PDS

       TRANSACT. & BALANCE                                                0.00          0.00      0.00
                                                                  ****************************
              GRAND TOTALS                                          601 198.64    601 198.64      0.00
                                                                  ************** **************
 .U64     HAKIM, ALBERT                                                               83 04 20  PAGE      1
          LEDGER                     FROM 01 01 83 TO 31 03 83

A/C   NAME & DESCRIPTION               DOC.NO CONTRA                        DEBIT        CREDIT       BALANCE

 1         ****** CAPITAL                         US$

101000     ****** CAPITAL INVESTED                SFR

  1  1 BROUGHT FORWARD                                                                  1 019.75      1 019.75-
 11  1 PN 8303 7.5% INT CAP.
       CHQ 111 EXPANTRADE               8000+  1055 5131303                  8 000.00                  6 980.25
  1  2 CHQ 131 CASH EXPANTRADE                 1199 5600000                  5 000.00                 11 980.25
 16  2 PN 8303 7.5% INT CAP.
       CHQ 144 EXPANTRADE              10000+  1383 5131303                 10 000.00                 21 980.25
 21  2 WIZ TRIP PARIS                          1393 5600000                    493.30                 22 473.55
 24  3 TR FROM US DLRS A/C                     1697 5600000                                4 473.55   18 000.00
                                                                       -------------- --------------
       TRANSACT. & BALANCE             18000+                               23 493.30     5 493.30    18 000.00

101001     ****** CAPITAL INVESTED                US$

  1  1 BROUGHT FORWARD                322686+                  28 051.73+  409 653.05
  1  1 4TH QTR P/L. NET BALANCE                                             11 346.63
  1  1 TR FROM STC                             1183 5600001                               45 000.00  375 999.68
  2  1 MGT FEE 4TH Q 1982                      1004 5600001                    166.25                376 165.93
 10  1 CHQ 1602 MCHOSE/TACTRONIX               1121 5600001                    370.36                376 536.29
 15  2 CHQ 1649 MCHOSE/TACTRONIX               1426 5600001                  1 949.13                378 485.42
 15  3 TR TO LOS GATOS                         1753 5600001                 10 000.00                388 485.42
 24  3 TR TO SFR A/C                           1697 5600001                  2 174.27                390 659.69
                                                                       -------------- --------------
       TRANSACT. & BALANCE            322686+                  28 051.73+  435 659.69    45 000.00   390 659.69
```

H 02915

```
                                                                          83 04 20  PAGE     2
064     HAKIM. ALBERT
        LEDGER                          FROM 01 01 83 TO 31 03 83
                                                                    DEBIT        CREDIT      BALANCE
A/C   NAME & DESCRIPTION                  DOC.NO CONTRA

101002    ****** CAPITAL INVESTED                 PDS
                                                                     0.00          0.00         0.00
      TRANSACT. & BALANCE
```

II 02916

572

```
4064    HAKIM, ALBERT                                                                 83 04 20  PAGE     3
        LEDGER                       FROM 01 01 83 TO 31 03 83

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                          DEBIT          CREDIT        BALANCE

5         ****** ASSETS & LIABILITIES                      US$

50        ****** LOANS & INV.PAYABLE                       US$

505       ****** L & I PAYABLE WITH CSF                    US$

505100    ****** LOANS PAYABLE                             SFR

 11  1 PN 8303 7.5% INT CAP.
       CHQ 111 EXPANTRADE           8000-  1055 101000                                     8 000.00      8 000.00-
 16  2 PN 8303 7.5% INT CAP.
       CHQ 144 EXPANTRADE          10000-  1383 101000                                    10 000.00     18 000.00-
                                                                    -------------- --------------
       TRANSACT. & BALANCE         18000-                                     0.00        18 000.00     18 000.00-

505101    ****** LOANS PAYABLE                             US$

  1  1 BROUGHT FORWARD            457704-                     444.73-                    457 707.97    457 707.97-
                                                                    -------------- --------------
       TRANSACT. & BALANCE        457704-                     444.73-         0.00       457 707.97    457 707.97-

52        ****** FTD. THROUGH CSF                          US$

525801    ****** CREDIT LYONNAIS BRUSSELS                  US$

  1  1 BROUGHT FORWARD             66500+                                66 500.00                     66 500.00
 31  3 12.2500 CREDIT LYONNAIS 31/3/83  8
       REDEMPTION                  66500-  1787 5600001                                   66 500.00          0.00
                                                                    -------------- --------------
       TRANSACT. & BALANCE                                               66 500.00        66 500.00          0.00
```

```
4064      HAKIM, ALBERT                                                                          83 04 20  PAGE      4
          LEDGER                         FROM 01 01 83 TO 31 03 83

A/C    NAME & DESCRIPTION                      DOC.NO CONTRA                           DEBIT          CREDIT        BALANCE

56        ****** CASH IN HAND                           US$                        02918

5600000   ****** CSF CURRENT ACCOUNT                    SFR

  1  1 BROUGHT FORWARD                                                         1 019.75                       1 019.75
  1  2 CHQ 131 CASH EXPANTRADE                  1199 101000                                    5 000.00      3 980.25-
 21  2 WIZ TRIP PARIS                           1393 101000                                      493.30      4 473.55-
 24  3 TR FROM US DLRS A/C                      1697 101000                    4 473.55                           0.00
                                                                          -------------- --------------
       TRANSACT. & BALANCE                                                     5 493.30        5 493.30           0.00

5600001   ****** CSF CURRENT ACCOUNT                    US$

  1  1 BROUGHT FORWARD              101035+                      27 607.00-                   32 175.13
  1  1 TR FROM STC                              1183 101001                   45 000.00                      12 824.87
  2  1 MGT FEE 4TH Q 1982                       1004 101001                                      166.25     12 658.62
 10  1 CHQ 1602 MCHOSE/TACTRONIX                1121 101001                                      370.36     12 288.26
 15  2 CHQ 1649 MCHOSE/TACTRONIX                1426 101001                                    1 949.13     10 339.13
 15  3 TR TO LOS GATOS                          1753 101001                                   10 000.00         339.13
 24  3 TR TO SFR A/C                            1697 101001                                    2 174.27      1 835.14-
 28  3 TR TO CSF BERMUDA                        1795 5600901                                  60 000.00     61 835.14-
 31  3 12.2500 CREDIT LYONNAIS 31/3/83  8
       REDEMPTION                    66500+     1787 58J090B                  66 500.00
 31  3 FTD 090B INT                             1787 772201                    4 118.38                       8 783.24
                                                                          -------------- --------------
       TRANSACT. & BALANCE          167535+                      27 607.00-  115 618.38      106 835.14       8 783.24

5600002   ****** CSF CURRENT ACCOUNT                    PDS

       TRANSACT. & BALANCE                                                         0.00            0.00           0.00
```

4064 HAKIM, ALBERT 83 04 20 PAGE 5
LEDGER FROM 01 01 83 TO 31 03 83

li 02919

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
5600601	****** CSF DIVERS ACCOUNT		US$			
1 1	BROUGHT FORWARD			2 383.42		2 383.42
	TRANSACT. & BALANCE			2 383.42	0.00	2 383.42
5600901	****** CSF LTD BERMUDA DEPOSIT A/C		US$			
28 3	TR TO CSF BERMUDA	1795	5600001	60 000.00		60 000.00
	TRANSACT. & BALANCE			60 000.00	0.00	60 000.00

```
064    HAKIM, ALBERT                                                     83 04 20  PAGE      6
       LEDGER                      FROM 01 01 83 TO 31 03 83

A/C.  NAME & DESCRIPTION              DOC.NO CONTRA              DEBIT        CREDIT       BALANCE

6          ****** CHARGES                        US$

672000     ****** INTEREST PAID                  SFR
      TRANSACT. & BALANCE                                          0.00          0.00          0.00
672001     ****** INTEREST PAID                  US$
      TRANSACT. & BALANCE                                          0.00          0.00          0.00
```

576

4064 HAKIM, ALBERT
LEDGER

FROM 01 01 83 TO 31 03 83

83 04 20 PAGE 7

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
7	****** INCOME		US$		II 02921	
772201	****** INT.EARNED ON FTD		US$			
31 3	FTD 090B INT	1787 5600001			4 118.38	4 118.38
	TRANSACT. & BALANCE			0.00	4 118.38	4 118.38

```
4064     HAKIM, ALBERT                                                                        83 04 20  PAGE      8
         LEDGER                        FROM 01 01 83 TO 31 03 83

 A/C.  NAME & DESCRIPTION                   DOC.NO CONTRA                        DEBIT           CREDIT       BALANCE

9         ****** OPENING / CLOSING ENTRIES              US$

900100    ****** BALANCES CARRIED FORWARD               SFR

       TRANSACT. & BALANCE                                                        0.00            0.00          0.00
900101    ****** BALANCES CARRIED FORWARD               US$
  1  1 BROUGHT FORWARD              39257-                                        0.00                          0.00
                                                                        -------------- --------------
       TRANSACT. & BALANCE          39257-                                        0.00            0.00          0.00
900102    ****** BALANCES CARRIED FORWARD               PDS

       TRANSACT. & BALANCE                                                        0.00            0.00          0.00
                                                                        ************** **************
                GRAND TOTALS                                                709 148.09      709 148.09          0.00

                                                                        ************** **************
```

H 02922

```
4227     B  BUTTON                                                                     87 05 29  PAGE      1
         LEDGER                     FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                       DEBIT          CREDIT        BALANCE

1         ****** CAPITAL                              US$                               H 02923

100001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS    US$

  1  1 BROUGHT FORWARD                                                                  200 000.00     200 000.00-
  2  1 TRANSFER                              101001                         200 000.00                        0.00
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                                  200 000.00     200 000.00           0.00

101001    ****** CAPITAL INVESTED                     US$

  1  1 BROUGHT FORWARD                                          5 739.84-     2 339.13
  1  1 1986 P/L  NET BALANCE                                   56 900.00-                    14 329.84      11 990.71
  2  1 TRANSFER                              100001                                        200 000.00     211 990.71
 30  1 MGT FEES 4TH QAURTER 1986        5001 5600001                            520.87                    211 469.84-
 21  4 MGT FEES 1ST QUARTER 1987        6001 5600001                            132.50                    211 337.34-
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                     62 639.84-     2 992.50     214 329.84     211 337.34

101012    ****** CAPITAL INVESTED                     MFK

  1  1 BROUGHT FORWARD                                          1 061.65-                     5 035.72
  1  1 1986 P/L  NET BALANCE                                                  5 035.72                          0.00
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                      1 061.65-     5 035.72        5 035.72          0.00

101017    ****** CAPITAL INVESTED                     HK$

  1  1 BROUGHT FORWARD                                          1 486.31+     1 436.73
  1  1 1986 P/L  NET BALANCE                                                                  1 436.73          0.00
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                      1 486.31+     1 436.73        1 436.73          0.00
```

```
4227     B  BUTTON                                                                           87 05 29  PAGE       2
         LEDGER                           FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                         DEBIT        CREDIT     BALANCE

101020   ****** CAPITAL INVESTED                          $AU

  1  1 BROUGHT FORWARD                                           273 98-                        819 20
  1  1 1986 P/L  NET BALANCE                                                     819 20                        0 00
                                                                         -------------- --------------
       TRANSACT  & BALANCE                                       273 98-         819 20         819 20         0 00
```

ii 02924

```
4227     B  BUTTON                                                                          87 05 29  PAGE      3
         LEDGER                      FROM 01 01 87 TO 30 06 87

 A/C   NAME & DESCRIPTION                    DOC NO CONTRA                       DEBIT          CREDIT        BALANCE
                                                                                           N 02925
5          ****** ASSETS & LIABILITIES                 US$


517401     ****** PRIVATE INVESTMENTS RECEIVABLE       US$

         TRANSACT  & BALANCE                                                      0 00           0 00           0 00

526101     ****** FID  DEPOSIT - R N B                 US$

         TRANSACT  & BALANCE                                                      0 00           0 00           0 00

526601     ****** FID  DEPOSIT - CREDIT SUISSE         US$

         TRANSACT  & BALANCE                                                      0 00           0 00           0 00

550801     ****** SECURITIES - CAN  IMP  BK OF COMMER US$

  1   1  BROUGHT FORWARD              211000+                                211 000 00                   211 000 00
  8   1
         SALE                         211000- 8475 5600001                               211 000 00
  8   1
         INTEREST TO 30 03 87 AT 0 437        8475 5600001                                   207 70
  8   1
         REVERSAL                             8475 5600001                       207 70                         0 00

                                                                          -------------- --------------
         TRANSACT  & BALANCE                                                 211 207 70     211 207 70          0 00

551401     ****** SECURITIES - BEAR STEARNS            US$

         TRANSACT  & BALANCE                                                      0 00           0 00           0 00
```

```
4227     B  BUTTON                                                                                    87 05 29  PAGE      4
         LEDGER                       FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                            DEBIT          CREDIT        BALANCE

551801     ****** SECURITIES - MERRILL LYNCH          US$

  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                 210000+18001 5600001                          210 000 00                      210 000 00
  8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION               210000-18002 5600001                                       210 000 00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT        213150+18003 5600001                          213 150 00                      213 150 00
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT        214262+18005 5600001                          214 262 98
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION               213150-18004 5600001                                       213 150 00     214 262 98
                                                                           -------------- --------------
       TRANSACT  & BALANCE      214262+                                       637 412 98   423 150 00     214 262 98

552201     ****** SECURITIES - MORGAN STANLEY         US$

       TRANSACT  & BALANCE                                                          0 00         0 00           0 00

552212     ****** SECURITIES - MORGAN STANLEY         MFK

       TRANSACT  & BALANCE                                                          0 00         0 00           0 00

552417     ****** SECURITIES - REED STENHOUSE         HK$

       TRANSACT  & BALANCE                                                          0 00         0 00           0 00

552420     ****** SECURITIES - REED STENHOUSE         $AU

       TRANSACT  & BALANCE                                                          0 00         0 00           0 00
```

|| 02926

582

```
4227     B  BUTTON                                                                              87 05 29  PAGE       5
         LEDGER                        FROM 01 01 87 TO 30 06 87
                                                                                             li 02927
A/C    NAME & DESCRIPTION                   DOC NO CONTRA                             DEBIT         CREDIT       BALANCE

552701     ****** SECURITIES  - STRAUSS TURNBULL        US$

       TRANSACT  & BALANCE                                                              0 00          0 00          0 00

5600001    ****** CASH ACCOUNT                          US$

  1  1 BROUGHT FORWARD             185500-                      62 639 84+            990 71                      990 71
  8  1
       SALE                        211000+ 8475 08]CD                            211 000 00
  8  1
       INTEREST FM 30 1286 TO 08 01        8475 08]CD                                339 58
  8  1
       INTEREST TO 30 03 87 AT 0 437       8475 08]CD                                207 70
  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                    210000-18001 18]CDTO                                      210 000 00
  8  1
       REVERSAL                            8475 08]CD                                            207 70
  8  1
       INTEREST TO 30 03 87 AT 0. 43       8475 08]CD                                207 70                    2 537 99
 30  1 MGT FEES 4TH QAURTER 1986           5001 101001                                           520 87        2 017 12
  8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION                  210000+18002 18]CDTO                          210 000 00
  8  4  6 0000 EURO-CD TORONTO DOMINION
       INTEREST                    210000+18002 18]CDTO                            3 150 00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT           213150-18003 18]128A                                      213 150 00        2 017 12
 21  4 MGT FEES 1ST QUARTER 1987           6001 101001                                           132 50        1 884 62
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT           214262-18005 18]189A                                      214 262 98
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                  213150+18004 18]128A                          213 150 00
  8  5 CREDIT INTEREST             213150+18004 772201                             1 110 15                    1 881 79
                                                                             -------------- --------------
       TRANSACT  & BALANCE         234388+-                     62 639 84+   640 155 84    638 274 05          1 881 79
```

```
4227     B  BUTTON                                                                        87 05 29  PAGE      6
         LEDGER                    FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                          DEBIT          CREDIT       BALANCE

600012   ****** CASH ACCOUNT                          MFK

      TRANSACT  & BALANCE                                                            0 00           0 00           0 00

5600017  ****** CASH ACCOUNT                          HK$

 1  1 BROUGHT FORWARD             750+                        1 486 31-              0 00                          0 00
                                                                          -------------- -------------
      TRANSACT  & BALANCE         750+                        1 486 31-              0 00           0 00           0 00

600020   ****** CASH ACCOUNT                          $AU

      TRANSACT  & BALANCE                                                            0 00           0 00           0 00
```

```
                                                                             87 05 29  PAGE      7
4227     B  BUTTON
         LEDGER                       FROM 01 01 87 TO 30 06 87
                                                                   DEBIT        CREDIT      BALANCE
A/C    NAME & DESCRIPTION               DOC NO CONTRA

6          ****** CHARGES                          US$

673701     ****** BANK CHARGES                     US$
                                                                    0 00         0 00        0.00
       TRANSACT  & BALANCE
```

```
4227     B  BUTTON                                                              87 05 29  PAGE      8
         LEDGER                         FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                   DEBIT          CREDIT        BALANCE

7          ****** INCOME                              US$

760801     ****** REAL  GAINS/LOSSES - CIBC           US$
        TRANSACT  & BALANCE                                                0 00           0 00           0 00
761401     ****** REAL  GAINS/LOSSES - BEAR STEARNS   US$
        TRANSACT  & BALANCE                                                0 00           0 00           0 00
762201     ****** REAL  GAINS/LOSSES - MORGAN STANLEY US$
        TRANSACT  & BALANCE                                                0 00           0 00           0 00
762212     ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK
        TRANSACT  & BALANCE                                                0 00           0 00           0 00
762417     ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$
        TRANSACT  & BALANCE                                                0 00           0 00           0 00
762420     ****** REAL  GAINS/LOSSES - REED STENHOUSE $AU
        TRANSACT. & BALANCE                                                0 00           0 00           0 00
762701     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$
        TRANSACT. & BALANCE                                                0.00           0.00           0.00
```

```
4227     B  BUTTON                                                                       87 05 29  PAGE      9
         LEDGER                     FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

71101    ****** INTEREST EARNED ON BONDS           US$

 8  1
      INTEREST FM 30 1286 TO 08 01        8475 5600001                                        339 58
 8  1
      INTEREST TO 30 03 87 AT 0. 43       8475 5600001                                        207 70         547 28-
 8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                    210000-18002 5600001                                      3 150 00       3 697 28-
                                                                             -------------- --------------
      TRANSACT  & BALANCE         210000-                                        0 00       3 697 28       3 697 28-

71201    ****** DIVIDENDS                           US$

      TRANSACT  & BALANCE                                                        0 00           0 00           0 00

71212    ****** DIVIDENDS                           MFK

      TRANSACT  & BALANCE                                                        0 00           0 00           0 00

72201    ****** INTEREST EARNED ON FTD              US$

 8  5 CREDIT INTEREST             213150-18004 5600001                                      1 110 15       1 110 15-
                                                                             -------------- --------------
      TRANSACT  & BALANCE         213150-                                        0 00       1 110 15       1 110 15-

72301    ****** INCOME ON INVESTMENTS               US$

      TRANSACT  & BALANCE                                                        0 00           0 00           0 00
```

H 02931

```
4227     B  BUTTON                                                               87 05 29  PAGE     10
         LEDGER                         FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                  DEBIT         CREDIT      BALANCE

                                                                 ************** **************
              GRAND TOTALS                                        1 699 060 67   1 699 060 67          0.00

                                                                 ************** **************
```

H 02932

CSF INVESTMENTS LTD
HAMILTON BERMUDA

```
4227     B. BUTTON                                                                    87 01 28  PAGE       1
         LEDGER                      FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION          DOC.NO CONTRA                          DEBIT        CREDIT       BALANCE

9        TRANSIT ACCOUNTS                       (SUITE)

1          ****** CAPITAL                       US$

100001     ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

 20  5 NEW FUNDS                   6192 5600001                                  200 000.00    200 000 00

                                                                 -------------  -------------
       TRANSACT. & BALANCE                                                0.00    200 000.00    200 000 00

101001     ****** CAPITAL INVESTED              US$

  7  7 MGT FEES 2ND QUARTER 1986   7001 5600001                        164.27                      164.27
 18  9 US$/HK$ AT 7.8035           7364 5600001                      1 301.73                    1 466.00
 24  9 AU$/US$ AT .6375            7378 5600001     9 091.36+        5 795.74                    7 261.74
 15 10 MGT FEES 3RD QUARTER 1986   8001 5600001                        502.29                    7 764.03
 25 11 MKF/US$ AT 20.455          22026 5600001    42 535.72+        8 700.68                   16 464.71
 23 12 MKF/US$ AT 4.909            8418 5600001    37 500.00-                      7 639.03
 23 12 HKF/US$ AT 7.801            8418 5600001    11 594.76-                      1 486.31
 23 12 AU$/US$ AT 1.4981           8418 5600001     8 272.16-                      5 521.76
 23 12 MGT FEES 4TH QUARTER 86     8428 5600001                        521.52                    2 339.13

                                                                 -------------  -------------
       TRANSACT. & BALANCE                          5 739.84-       16 986.23     14 647.10      2 339.13

101012     ****** CAPITAL INVESTED              MFK

 25 11 MKF/US$ AT 20.455          22026 5600012     8 700.68-                     42 535.72     42 535.72
 23 12 MKF/US$ AT 4.909            8418 5600012     7 639.03+       37 500.00                    5 035.72

                                                                 -------------  -------------
       TRANSACT. & BALANCE                          1 061.65-       37 500.00     42 535.72      5 035.72
```

02933

```
                                                                                CSF INVESTMENTS LTD.
4227    B. BUTTON                                                               87 01 28  PAGE      2
        LEDGER                          FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                DOC NO CONTRA                   DEBIT        CREDIT      BALANCE

101017    ****** CAPITAL INVESTED                  HK$                  II 02934

 18  9 US$/HK$ AT 7.8035                7364 5600017                                10 158.03   10 158.03-
 23 12 HKF/US$ AT 7.801                 8418 5600017     1 486.31+     11 594.76                  1 436.73
                                                                  -------------- --------------
       TRANSACT. & BALANCE                               1 486.31+     11 594.76    10 158.03     1 436.73

101020    ****** CAPITAL INVESTED                  $AU

 24  9 AU$/US$ AT .6375                 7378 5600020     5 795.74-                   9 091.36    9 091.36-
 23 12 AU$/US$ AT 1.4981                8418 5600020     5 521.76+      8 272.16                   819.20-
                                                                  -------------- --------------
       TRANSACT. & BALANCE                                 273.98-      8 272.16     9 091.36      819.20-
```

590

```
                                                                              CSF INVESTMENTS LTD
                                                                               HAMILTON, BERMUDA
 4227      B  BUTTON                                                          87 01 28  PAGE      3
           LEDGER                     FROM 01 01 86 TO 31 12 86

 A/C   NAME & DESCRIPTION               DOC.NO CONTRA                         DEBIT        CREDIT       BALANCE

 5           ****** ASSETS & LIABILITIES                  US$
                                                                                    H 02935

 517401      ****** PRIVATE INVESTMENTS RECEIVABLE        US$

   5  9  7.0000 COSFIN BV
         INVESTMENT                  50000+ 3519 5600001                  50 000.00                  50 000.00
  11 12  7.0000 COSFIN BV
         REDEMPTION                  50000- 4436 5600001                               50 000.00          0.00

                                                                         ------------  ------------
         TRANSACT. & BALANCE                                              50 000.00    50 000.00          0.00

 526101      ****** FID. DEPOSIT - R.N.B.                 US$

  18  6  5.2500 RNB NEW YORK CALL
         ON CALL                     80000+ 6446 5600001                  80 000.00                  80 000.00
   1  7  5.2500 RNB NEW YORK CALL
         OFF CALL                    80000- 7175 5600001                               80 000.00          0.00
   7  7  5.2500 RNB NEW YORK CALL
         ON CALL                     80000+ 7175 5600001                  80 000.00                  80 000.00
  18  8  6.0000 R.N.B. 02/09/86
         FIDUCIARY DEPOSIT           80000+ 7356 5600001                  80 000.00                 160 000.00
  21  8  5.2500 RNB NEW YORK CALL
         OFF CALL                    80000- 7353 5600001                               80 000.00     80 000.00
  28  8  5.2500 RNB NEW YORK CALL
         ON  CALL                    80000+ 7353 5600001                  80 000.00                 160 000.00
  29  8  5.2500 RNB NEW YORK CALL
         OFF CALL                    80000- 7353 5600001                               80 000.00
  29  8  5.3750 R.N.B. 03/09/86
         FIDUCIARY DEPOSIT           80000+ 7358 5600001                  80 000.00                 160 000.00
   2  9  6.0000 R.N.B. 02/09/86
         REDEMPTION                  80000- 7357 5600001                               80 000.00     80 000.00
   3  9  5.3750 R.N.B. 03/09/86
         REDEMPTION                  80000- 7369 5600001                               80 000.00          0.00
   5  9  6.3125 R.N.B. 20/10/86
```

CSF INVESTMENTS LTD.

4227 B. BUTTON 87 01 28 PAGE 4
LEDGER FROM 01 01 86 TO 31 12 86

|| 02936

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
526101	FID. DEPOSIT - R.N.B.	(SUITE)			
	FIDUCIARY DEPOSIT	20000+ 8018 5600001	20 000 00		20 000.00
12 9	5.2500 RNB NEW YORK CALL				
	ON CALL	10000+ 7438 5600001	10 000.00		30 000.00
20 10	6.3125 R.N.B. 20/10/86				
	REDEMPTION	20000- 8040 5600001		20 000.00	
20 10	R.N.B. 20.11.86				
	FIDUCIARY DEPOSIT	20000+ 8041 5600001	20 000 00		30 000.00
10 11	5.2500 RNB NEW YORK CALL				
	OFF CALL	10000- 8199 5600001		10 000.00	20 000.00
20 11	R.N.B. 20.11.86				
	REDEMPTION	20000- 8174 5600001		20 000.00	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		450 000.00	450 000.00	0.00
526601	****** FID. DEPOSIT - CREDIT SUISSE US$				
9 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	200000+ 6290 5600001	200 000.00		200 000.00
16 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	200000- 6320 5600001		200 000.00	0.00
20 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	134000+ 6361 5600001	134 000.00		134 000.00
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000- 6383 5600001		100 000.00	34 000.00
24 7	6.1250 CALL CREDIT SUISSE				
	OFF CALL	34000- 7107 5600001		34 000.00	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		334 000.00	334 000.00	0.00

CSF INVESTMENTS LTD

87 01 28 PAGE 5

4227 B. BUTTON
LEDGER
FROM 01 01 86 TO 31 12 86 ‖ 02937

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
550801	****** SECURITIES - CAN. IMP. BK OF COMMER US$				
24 7	7.7500 PRUDENTIAL FUNDING CO. PURCHASE	34000+ 8005 5600001	33 787.50		33 787.50
17 12	7.7500 PRUDENTIAL FUNDING CO. SALE	34000- 8325 5600001		34 807.50	
17 12	7.7500 PRUDENTIAL FUNDING CO. GAIN	760801	1 020.00		0.00
30 12	6.4375 CIBC CERTIFICATES DEPOSI PURCHASE	211000+ 8475 5600001	211 000.00		211 000.00
			--------------	--------------	
	TRANSACT. & BALANCE	211000+	245 807.50	34 807.50	211 000.00
551401	****** SECURITIES - BEAR STEARNS US$				
24 7	BATTLE MOUNTAIN GOLD CO. PURCHASE	500+14080 5600001	6 000.00		6 000.00
9 9	BATTLE MOUNTAIN GOLD CO. SALE	250-14083 5600001		4 650.00	
9 9	BATTLE MOUNTAIN GOLD CO. GAIN	761401	1 650.00		3 000.00
24 9	BATTLE MOUNTAIN GOLD CO. SALE	50-14092 5600001		968.75	
24 9	BATTLE MOUNTAIN GOLD CO. GAIN	761401	368.75		2 400.00
25 9	BATTLE MOUNTAIN GOLD CO. SALE	200-14088 5600001		3 875.00	
25 9	BATTLE MOUNTAIN GOLD CO. GAIN	761401	1 475.00		0.00
12 11	CITIZENS FINANCIAL GROUP INC PURCHASE	500+14100 5600001	18 919.01		18 919.01
17 12	CITIZENS FINANCIAL GROUP INC SALE	500-14101 5600001		18 881.35	
17 12	CITIZENS FINANCIAL GROUP INC LOSS	761401		37.66	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4227      B  BUTTON                                                                             87 01 28  PAGE       6
          LEDGER                          FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                       DOC.NO CONTRA          # 02938     DEBIT           CREDIT        BALANCE

551401   SECURITIES - BEAR STEARNS                         (SUITE)
                                                                            -------------  -------------
      TRANSACT  & BALANCE                                                       28 412.76      28 412.76           0.00

551801    ****** SECURITIES - MERRILL LYNCH                US$

      TRANSACT  & BALANCE                                                            0.00           0.00           0.00

552201    ****** SECURITIES - MORGAN STANLEY               US$

 16  5 JOHNSON ELECTRIC ORD. (HONG KONG)
      PURCHASE                     10000+22020 5600001                           6 100.00                      6 100.00
 16 12 JOHNSON ELECTRIC ORD. (HONG KONG)
      SALE                         10000-22051 5600001      56 900.00-                          7 301.89
 16 12 JOHNSON ELECTRIC ORD. (HONG KONG)
      GAIN                                     762201       56 900.00+           1 201.89                          0.00
                                                                            -------------  -------------
      TRANSACT. & BALANCE                                                        7 301.89       7 301.89           0.00

552212    ****** SECURITIES - MORGAN STANLEY               MFK

 25 11 POHJOLA  (NEWS) B
      PURCHASE                       500+22026 5600012                          42 535.72                     42 535.72
 22 12 POHJOLA  (NEWS) B
      SALE                           500-22030 5600012                                         37 500.00
 22 12 POHJOLA  (NEWS) B
      LOSS                                     762212                                           5 035.72           0.00
                                                                            -------------  -------------
      TRANSACT. & BALANCE                                                       42 535.72      42 535.72           0.00
```

```
                                                                                      CSF INVESTMENTS LT
 4227     B. BUTTON                                                                   87 01 28  PAGE      7
          LEDGER                        FROM 01 01 86 TO 31 12 86 02939

 A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                  DEBIT        CREDIT       BALANCE

 552417   ****** SECURITIES - REED STENHOUSE        HK$

  12  9 HONG KONG LAND
        PURCHASE                      1500+24002 5600017              10 158.03                  10 158.03
  16 10 DAIRY FARM
        RCVD FREE 1 X 2 H.K. LAND      750+24004 *                     1 158.03
  16 10 HONG KONG LAND
        RCVD FREE 1 X 2 H.K. LAND          24004 *24DF                              1 158.03     10 158.03
   4 11 DAIRY FARM
        SALE                           750-24005 5600017                            1 860.48
   4 11 DAIRY FARM
        GAIN                                     762417                  702.45
   4 11 HONG KONG LAND
        PURCHASE                       286+24006 5600017               1 856.92                  10 856.92
  17 12 HONG KONG LAND
        SALE                          1786-24008 5600017                           11 591.20
  17 12 HONG KONG LAND
        GAIN                                     762417                  734.28                       0.00

                                                                  -------------- --------------
        TRANSACT. & BALANCE                                           14 609.71    14 609.71          0.00

 552420   ****** SECURITIES - REED STENHOUSE        $AU

  23  9 TECHNOMIN
        PURCHASE                     20000+24003 5600020               9 091.36                   9 091.36
  23 12 TECHNOMIN
        SALE                         20000-24009 5600020                            8 272.16
  23 12 TECHNOMIN
        LOSS                                     762420                               819.20          0.00

                                                                  -------------- --------------
        TRANSACT. & BALANCE                                            9 091.36     9 091.36          0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4227     B. BUTTON                                                                                   87 01 28  PAGE      8
         LEDGER                     FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                    DOC.NO CONTRA                         DEBIT          CREDIT        BALANCE

                                                                 H 02940
552701    ****** SECURITIES  - STRAUSS TURNBULL       US$

 16  6 12.8750 TEXACO CAPITAL INC
       PURCHASE                      25000+27056 5600001                      25 750.00
 16  6 14.7500 UNION CARBIDE
       PURCHASE                      25000+27059 5600001                      25 875.00                     51 625.00
  1  7  8.1250 B.O.C. GROUP PLC
       PURCHASE                      25000+27064 5600001                      23 062.50                     74 687.50
  1  9 12.8750 TEXACO CAPITAL INC
       AMORT. BDS PREM.                     7443 *27ITEXA                                       375.00      74 312.50
 15 12 14.7500 UNION CARBIDE
       SALE                          25000- 8356 5600001                                    25 750.00
 15 12 14.7500 UNION CARBIDE
       LOSS                                      762701                                         125.00      48 437.50
 19 12 12.8750 TEXACO CAPITAL INC
       SALE                          25000-27083 5600001                                    25 375.00
 19 12  8.1250 B.O.C. GROUP PLC
       SALE                          25000-27090 5600001                                    23 937.50
 19 12  8.1250 B.O.C. GROUP PLC
       GAIN                                      762701                          875.00                          0.00

                                                                        -------------- --------------
       TRANSACT. & BALANCE                                                    75 562.50     75 562.50            0.00

5600001   ****** CASH ACCOUNT                          US$

 16  5 JOHNSON ELECTRIC ORD. (HONG KONG)
       PURCHASE                      10000-22020 22JOHN                                      6 100.00       6 100.00-
 20  5 NEW FUNDS                            6192 100001                      200 000.00                    193 900.00
  9  6  6.1250 CALL CREDIT SUISSE
       ON CALL                      200000- 6290 66IOOOK                                   200 000.00       6 100.00-
 16  6  6.1250 CALL CREDIT SUISSE
       OFF CALL                     200000+ 6320 66IOOOK                     200 000.00
 16  6 12.8750 TEXACO CAPITAL INC
       PURCHASE                      25000-27056 27ITEXA                                    25 750.00
 16  6 12.8750 TEXACO CAPITAL INC
```

CSF INVESTMENTS LTD

4227 B. BUTTON
LEDGER FROM 01 01 86 TO 31 12 86 87 01 28 PAGE 9

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE) 02941			
	ACCRUED INT	25000-27056 27JTEXA		2 548.18	
16 6	14.7500 UNION CARBIDE				
	PURCHASE	25000-27059 27JUNCA		25 875.00	
16 6	14.7500 UNION CARBIDE				
	ACCRUED INT	25000-27059 27JUNCA		460.94	
16 6	CALL INT.	6384 772201	233.33		139 499.21
18 6	5.2500 RNB NEW YORK CALL				
	ON CALL	80000- 6446 61JJ600		80 000.00	59 499.21
20 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	134000- 6361 66J000K		134 000.00	74 500.79-
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000+ 6383 66J000K	100 000.00		
24 6	CALL INT	6414 772201	67.00		
24 6	CALL INT	6414 772201	22.33		25 588.54
1 7	8.1250 B.O.C. GROUP PLC				
	PURCHASE	25000-27064 27JBOC		23 062.50	
1 7	8.1250 B.O.C. GROUP PLC				
	ACCRUED INT.	25000-27064 27JBOC		265.19	
1 7	5.2500 RNB NEW YORK CALL				
	OFF CALL	80000+ 7175 61JJ600	80 000.00		82 260.85
7 7	5.2500 RNB NEW YORK CALL				
	ON CALL	80000- 7175 61JJ600		80 000.00	
7 7	MGT FEES 2ND QUARTER 1986	7001 101001		164.27	2 096.58
9 7	CALL INTEREST JUNE	7078 772201	185.20		2 281.78
16 7	CALL INTEREST	7084 772201	124.67		2 406.45
17 7	CALL INTEREST	7092 772201	5.31		2 411.76
22 7	CALL INTEREST	7118 772201	23.44		2 435 20
24 7	7.7500 PRUDENTIAL FUNDING CO.				
	PURCHASE	34000- 8005 08JPRU		33 787.50	
24 7	7.7500 PRUDENTIAL FUNDING CO.				
	ACCRUED INTEREST	34000- 8005 08JPRU		14.63	
24 7	6.1250 CALL CREDIT SUISSE				
	OFF CALL	34000+ 7107 66J000K	34 000.00		
24 7	CALL INTEREST	7132 772201	10.62		
24 7	BATTLE MOUNTAIN GOLD CO.				
	PURCHASE	500-14080 14BMGC		6 000.00	3 356.31

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4227 B. BUTTON 87 01 28 PAGE 10
LEDGER FROM 01 01 86 TO 31 12 86

H 02942

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT		(SUITE)				
31 7	CALL INTEREST	7206	772201		328.77		3 027.54-
18 8	6.0000 R.N.B. 02/09/86						
	FIDUCIARY DEPOSIT	80000- 7356	61J245A			80 000.00	83 027.54-
21 8	5.2500 RNB NEW YORK CALL						
	OFF CALL	80000+ 7353	61JJ600		80 000.00		3 027.54-
28 8	5.2500 RNB NEW YORK CALL						
	ON CALL	80000- 7353	61JJ600			80 000.00	83 027.54-
29 8	5.2500 RNB NEW YORK CALL						
	OFF CALL	80000+ 7353	61JJ600		80 000.00		
29 8	5.3750 R.N.B. 03/09/86						
	FIDUCIARY DEPOSIT	80000- 7358	61J246A			80 000.00	83 027.54-
1 9	12.8750 TEXACO CAPITAL INC						
	CREDIT INTEREST	25000+ 7443	27JTEXA		3 218.75		79 808.79-
2 9	6.0000 R.N.B. 02/09/86						
	REDEMPTION	80000+ 7357	61J245A		80 000.00		
2 9	INTEREST	7357	772201		197.26		388.47
3 9	5.3750 R.N.B. 03/09/86						
	REDEMPTION	80000+ 7369	61J246A		80 000.00		
3 9	INTEREST	7369	772201		58.90		80 447.37
5 9	7.0000 COSFIN BV						
	INVESTMENT	50000- 3519	74JCOS5			50 000.00	
5 9	6.3125 R.N.B. 20/10/86						
	FIDUCIARY DEPOSIT	20000- 8018	61J293A			20 000.00	10 447.37
8 9	CALL INT.	7371	772201		252.05		10 699.42
9 9	BATTLE MOUNTAIN GOLD CO.						
	SALE	250+14083	14BMGC		4 650.00		15 349.42
12 9	5.2500 RNB NEW YORK CALL						
	ON CALL	10000- 7438	61JJ600			10 000.00	5 349.42
18 9	US$/HK$ AT 7.8035	7364	101001			1 301.73	4 047.69
19 9	BATTLE MOUNTAIN GOLD CO.						
	DIVIDEND	500+ 7435	14BMGC		8.75		4 056.44
24 9	AU$/US$ AT .6375	7378	101001	9 091.36-		5 795.74	
24 9	BATTLE MOUNTAIN GOLD CO.						
	SALE	50+14092	14BMGC		968.75		770.55-
25 9	BATTLE MOUNTAIN GOLD CO.						
	SALE	20[illegible]14088	14BMGC		3 875.00		3 104.45

CSF INVESTMENTS LTD.

4227 B. BUTTON
LEDGER FROM 01 01 86 TO 31 12 86

87 01 28 PAGE 11

02943

A/C.	NAME & DESCRIPTION		DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT			(SUITE)			
7 10	CALL INTEREST		8029 772201		25.89		3 130.34
15 10	MGT FEES 3RD QUARTER 1986		8001 101001			502.29	2 628.05
20 10	6.3125 R.N.B. 20/10/86						
	REDEMPTION	20000+	8040 61J293A		20 000.00		
20 10	INTEREST		8040 772201		155.65		
20 10	R.N.B. 20.11.86						
	FIDUCIARY DEPOSIT	20000-	8041 61J324B			20 000.00	2 783.70
3 11	CALL INTEREST		8193 772201		44.59		2 828.29
7 11	INTEREST COS5 5/9-31/10/86		4203 772301		536.99		3 365.28
10 11	5.2500 RNB NEW YORK CALL						
	OFF CALL	10000+	8199 61JJ600		10 000.00		13 365.28
12 11	CITIZENS FINANCIAL GROUP INC						
	PURCHASE	500-	14100 14CITN			18 919.01	5 553.73-
20 11	R.N.B. 20.11.86						
	REDEMPTION	20000+	8174 61J324B		20 000.00		
20 11	INTEREST		8174 772201		97.67		14 543.94
25 11	HKF/US$ AT 20.455		22026 101001	42 535.72-		8 700.68	5 843.26
11 12	7.0000 COSFIN BV						
	REDEMPTION	50000+	4436 74JCOS5		50 000.00		
11 12	JCOS5 INT FROM 1/11/86		4436 772301		393.15		56 236.41
15 12	14.7500 UNION CARBIDE						
	SALE	25000+	8356 27JUNCA		25 750.00		
15 12	14.7500 UNION CARBIDE						
	CREDIT INTEREST	25000+	8356 27JUNCA		2 335.42		84 321.83
16 12	JOHNSON ELECTRIC ORD. (HONG KONG)						
	SALE	10000+	22051 22JOHN	56 900 00+	7 301.89		91 623.72
17 12	7.7500 PRUDENTIAL FUNDING CO.						
	SALE	34000+	8325 08JPRU		34 807.50		
17 12	7.7500 PRUDENTIAL FUNDING CO.						
	CREDIT INTEREST	34000+	8325 08JPRU		1 061.32		
17 12	CITIZENS FINANCIAL GROUP INC						
	SALE	500+	14101 14CITN		18 881.35		146 373.89
19 12	12.8750 TEXACO CAPITAL INC						
	SALE	25000+	27083 27JTEXA		25 375.00		
19 12	12.8750 TEXACO CAPITAL INC						
	CREDIT INTEREST	25000+	27083 27JTEXA		965.63		

```
                                                                          CSF INVESTMENTS LTD.
                                                                            HAMILTON BERMUDA
4227     B  BUTTON                                                        87 01 28  PAGE      12
         LEDGER                     FROM 01 01 86 TO 31 12 86 H 02944

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                       DEBIT         CREDIT        BALANCE

600001  CASH ACCOUNT                               (SUITE)
19 12  8 1250 B O C  GROUP PLC
      SALE                         25000+27090 27JBOC                      23 937 50
19 12  8 1250 B O C  GROUP PLC
      CREDIT INTEREST              25000+27090 27JBOC                       1 213 11                   197 865 13
23 12 MKF/US$ AT 4 909                    8418 101001      37 500.00+       7 639 03
23 12 HKF/US$ AT 7 801                    8418 101001      11 594 76+       1 486 31
23 12 AU$/US$ AT 1 4981                   8418 101001       8 272 16+       5 521 76
23 12 MGT FEES 4TH QUARTER 86             8428 101001                                        521 52    211 990 71
30 12  6 4375 CIBC CERTIFICATES DEPOSI
      PURCHASE                     211000- 8475 08JCD                                    211 000 00        990 71
                                                                      -------------- --------------
      TRANSACT  & BALANCE          185500-                 62 639 84+  1 205 759 89  1 204 769 18        990 71

600012   ###### CASH ACCOUNT                        MFK

25 11 MKF/US$ AT 20 455                  22026 101012       8 700 68+      42 535 72
25 11 POHJOLA  (NEWS) B
      PURCHASE                      500-22026 22POHJ                                      42 535 72          0 00
22 12 POHJOLA  (NEWS) B
      SALE                          500+22030 22POHJ                       37 500 00                   37 500 00
23 12 MKF/US$ AT 4 909                    8418 101012       7 639 03-                     37 500 00          0 00
                                                                      -------------- --------------
      TRANSACT  & BALANCE                                   1 061 65+      80 035 72      80 035 72          0 00

600017   ###### CASH ACCOUNT                        HK$

12  9 HONG KONG LAND
      PURCHASE                     1500-24002 24HKL                                       10 158 03      10 158 03-
18  9 US$/HK$ AT 7 8035                   7384 101017                      10 158 03                         0 00
 4 11 DAIRY FARM
      SALE                          750+24005 24DF                          1 860 48
 4 11 HONG KONG LAND
      PURCHASE                      286-24006 24HKL                                        1 856 92          3 56
17 12 HONG KONG LAND
```

```
                                                                                          CSF INVESTMENTS LTD.
                                                                                          87 01 28  PAGE      13
4227     B. BUTTON
         LEDGER                          FROM 01 01 86 TO 31 12 86 11 02945

A/C.   NAME & DESCRIPTION                 DOC.NO CONTRA                        DEBIT          CREDIT         BALANCE

5600017  CASH ACCOUNT                                   (SUITE)
         SALE                         1786+24008 24HKL                       11 591.20                      11 594.76
23 12 HKF/US$ AT 7.801                      8418 101017        1 486.31-                   11 594.76          0.00
                                                                          -------------- --------------
         TRANSACT. & BALANCE           750+                    1 486.31-     23 609.71      23 609.71          0.00

5600020   ****** CASH ACCOUNT                                  $AU

23  9 TECHNOMIN
         PURCHASE                     20000-24003 24TECH                                     9 091.36       9 091.36-
24  9 AU$/US$ AT .6375                      7378 101020        5 795.74+      9 091.36                        0.00
23 12 TECHNOMIN
         SALE                         20000+24009 24TECH                      8 272.16
23 12 AU$/US$ AT 1.4981                     8418 101020        5 521.76-                     8 272.16         0.00
                                                                          -------------- --------------
         TRANSACT. & BALANCE                                    273.98+     17 363.52      17 363.52          0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4227 B. BUTTON
LEDGER
FROM 01 01 86 TO 31 12 86

02946

87 01 28 PAGE 14

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
	****** CHARGES		US$			
73701	****** BANK CHARGES		US$			
	TRANSACT & BALANCE			0.00	0.00	0.00

CSF INVESTMENTS LTD.

```
4227     B. BUTTON                                                                      87 01 28  PAGE      15
         LEDGER                       FROM 01 01 86 TO 31 12 86 # 02947

A/C.  NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT         CREDIT        BALANCE

7          ****** INCOME                                 US$

760801     ****** REAL. GAINS/LOSSES - CIBC              US$

 17 12  7.7500 PRUDENTIAL FUNDING CO.
        GAIN                                  08JPRU                                        1 020.00      1 020.00-
                                                                        -------------- --------------
        TRANSACT. & BALANCE                                                      0.00       1 020.00      1 020.00-

761401     ****** REAL. GAINS/LOSSES - BEAR STEARNS   US$

  9  9 BATTLE MOUNTAIN GOLD CO.
        GAIN                                  14BMGC                                        1 650.00      1 650.00-
 24  9 BATTLE MOUNTAIN GOLD CO.
        GAIN                                  14BMGC                                          368.75      2 018.75-
 25  9 BATTLE MOUNTAIN GOLD CO.
        GAIN                                  14BMGC                                        1 475.00      3 493.75-
 17 12 CITIZENS FINANCIAL GROUP INC
        LOSS                                  14CITN                            37.66                     3 456.09-
                                                                        -------------- --------------
        TRANSACT. & BALANCE                                                     37.66       3 493.75      3 456.09-

762201     ****** REAL. GAINS/LOSSES - MORGAN STANLEY US$

 16 12 JOHNSON ELECTRIC ORD. (HONG KONG)
        GAIN                                  22JOHN       56 900.00-                       1 201.89      1 201.89-
                                                                        -------------- --------------
        TRANSACT. & BALANCE                                56 900.00-            0.00       1 201.89      1 201.89-
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

H 02948

87 01 28 PAGE 16

227 B. BUTTON
LEDGER FROM 01 01 86 TO 31 12 86

/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
62212	■■■■■■ REAL. GAINS/LOSSES - MORGAN STANLEY MFK				
2 12	POHJOLA (NEWS) B LOSS	22POHJ	5 035.72		5 035.72
	TRANSACT. & BALANCE		5 035.72	0.00	5 035.72
62417	■■■■■■ REAL. GAINS/LOSSES - REED STENHOUSE HK$				
4 11	DAIRY FARM GAIN	24DF		702.45	702.45-
17 12	HONG KONG LAND GAIN	24HKL		734.28	1 436.73-
	TRANSACT. & BALANCE		0.00	1 436.73	1 436.73-
62420	■■■■■■ REAL. GAINS/LOSSES - REED STENHOUSE $AU				
23 12	TECHNOMIN LOSS	24TECH	819.20		819.20
	TRANSACT. & BALANCE		819.20	0.00	819.20
62701	■■■■■■ REAL. GAINS/LOSSES - STRAUSS TURNBU US$				
15 12	14.7500 UNION CARBIDE LOSS	27JUNCA	125.00		125.00
19 12	8.1250 B.O.C. GROUP PLC GAIN	27JBOC		875.00	750.00-
	TRANSACT. & BALANCE		125.00	875.00	750.00-

```
                                                                              CSF INVESTMENTS LTD.
4227     B. BUTTON                                                            87 01 28  PAGE      17
         LEDGER                         FROM 01 01 86 TO 31 12 86 # 02949

A/C.  NAME & DESCRIPTION                     DOC.NO CONTRA                    DEBIT        CREDIT       BALANCE

771101     ###### INTEREST EARNED ON BONDS                 US$

 16  6 12.8750 TEXACO CAPITAL INC
       ACCRUED INT              25000+27056 5600001                       2 548.18
 16  6 14.7500 UNION CARBIDE
       ACCRUED INT              25000+27059 5600001                         460.94                   3 009.12
  1  7  8.1250 B.O.C. GROUP PLC
       ACCRUED INT.             25000+27064 5600001                         265.19                   3 274.31
 24  7  7.7500 PRUDENTIAL FUNDING CO.
       ACCRUED INTEREST         34000+ 8005 5600001                          14.63                   3 288.94
  1  9 12.8750 TEXACO CAPITAL INC
       AMORT. BDS PREM.               7443 8                                375.00
  1  9 12.8750 TEXACO CAPITAL INC
       CREDIT INTEREST          25000- 7443 5600001                                    3 218.75        445.19
 15 12 14.7500 UNION CARBIDE
       CREDIT INTEREST          25000- 8356 5600001                                    2 335.62      1 890.23-
 17 12  7.7500 PRUDENTIAL FUNDING CO.
       CREDIT INTEREST          34000- 8325 5600001                                    1 061.32      2 951.55-
 19 12 12.8750 TEXACO CAPITAL INC
       CREDIT INTEREST          25000-27083 5600001                                      965.63
 19 12  8.1250 B.O.C. GROUP PLC
       CREDIT INTEREST          25000-27090 5600001                                    1 213.11      5 130.29-
                                                                    -------------- --------------
       TRANSACT. & BALANCE      25000-                                    3 663.94     8 794.23      5 130.29-

771201     ###### DIVIDENDS                                US$

 19  9 BATTLE MOUNTAIN GOLD CO.
       DIVIDEND                      500- 7435 5600001                                     8.75          8.75-
                                                                    -------------- --------------
       TRANSACT. & BALANCE           500-                                     0.00         8.75          8.75-
```

```
                                                                                    CSF INVESTMENTS LTD.
                                                                                      HAMILTON BERMUDA
227     B  BUTTON                                                                  87 01 28  PAGE     18
        LEDGER                          FROM 01 01 86 TO 31 12 86

A/C     NAME & DESCRIPTION              DOC.NO CONTRA                     DEBIT      CREDIT       BALANCE

71212   ****** DIVIDENDS                           MFK

        TRANSACT  & BALANCE                               # 02950          0.00        0.00          0.00

72201   ****** INTEREST EARNED ON FTD              US$

18  6 CALL INT                          6384 5600001                                 233.33        233.33-
24  6 CALL INT.                         6414 5600001                                  67.00
24  6 CALL INT.                         6414 5600001                                  22.33        322.66-
 9  7 CALL INTEREST JUNE                7078 5600001                                 185.20        507.86-
16  7 CALL INTEREST                     7084 5600001                                 124.67        632.53-
17  7 CALL INTEREST                     7092 5600001                                   5.31        637.84-
22  7 CALL INTEREST                     7118 5600001                                  23.44        661.28-
24  7 CALL INTEREST                     7132 5600001                                  10.62        671.90-
31  7 CALL INTEREST                     7206 5600001                                 328.77      1 000.67-
 2  9 INTEREST                          7357 5600001                                 197.26      1 197.93-
 3  9 INTEREST                          7369 5600001                                  58.90      1 256.83-
 8  9 CALL INT.                         7371 5600001                                 252.05      1 508.88-
 7 10 CALL INTEREST                     8029 5600001                                  25.89      1 534.77-
20 10 INTEREST                          8040 5600001                                 155.65      1 690.42-
 3 11 CALL INTEREST                     8193 5600001                                  44.59      1 735.01-
20 11 INTEREST                          8174 5600001                                  97.67      1 832.68-

                                                                     -------------- -------------
        TRANSACT. & BALANCE                                                0.00    1 832.68      1 832.68-

72301   ****** INCOME ON INVESTMENTS               US$

 7 11 INTEREST COSS 5/9-31/10/86        4203 5600001                                 536.99        536.99-
11 12 ICOSS INT FROM 1/11/86            4436 5600001                                 393.15        930.14-
                                                                     -------------- -------------
        TRANSACT  & BALANCE                                                0.00      930.14        930.14-
```

909

CSF INVESTMENTS LTD.

4227 B. BUTTON 87 01 28 PAGE 19

LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
			###############	###############	
	GRAND TOTALS		2 668 124.95	2 668 124.95	0.00
			###############	###############	

N 02951

```
4202     SCITECH TRADING GROUP INC                                                         87 05 29  PAGE       1
         LEDGER                        FROM 01 01 87 TO 30 06 87
A/C   NAME & DESCRIPTION                  DOC NO CONTRA                         DEBIT         CREDIT      BALANCE

         ****** CAPITAL                             US$
                                                                    H 02952
00001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

 1  1 BROUGHT FORWARD                                       46 473 65+                     59 123 78     59 123 78-
 2  1 TRANSFER                                  101001                      59 123 78                          0 00
                                                                           --------------  -------------
      TRANSACT  & BALANCE                                   46 473 65+      59 123 78      59 123 78           0 00

01001    ****** CAPITAL INVESTED                    US$

 1  1 BROUGHT FORWARD                  1-                  163 089 01-                    104 030 58
 1  1 1986 P/L  NET BALANCE                                                                 26 982 89    131 013 47-
 2  1 TRANSFER                                  100001                                     59 123 78    190 137 25-
30  1 MGT FEES 4TH QAURTER 1986            5001 5600001                        648 33                   189 488 92-
21  4 MGT FEES 1ST QUARTER 1987            6001 5600001                        118 79                   189 370 13-
                                                                           --------------  -------------
      TRANSACT  & BALANCE              1-                  163 089 01-         767 12     190 137 25    189 370 13-

101017   ****** CAPITAL INVESTED                    HK$

 1  1 BROUGHT FORWARD                                       20 906 16+      27 648 51
 1  1 1986 P/L  NET BALANCE                                                                 27 648 51          0 00
                                                                           --------------  -------------
      TRANSACT  & BALANCE                                   20 906 16+      27 648 51      27 648 51           0 00
```

82-684 O-88-21

```
4202     SCITECH TRADING GROUP INC                                                         87 05 29  PAGE      2
         LEDGER                          FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                     DOC NO CONTRA                  DEBIT          CREDIT        BALANCE

         ****** ASSETS & LIABILITIES                      US$          H 02953

25801    ****** FID  DEPOSIT - CREDIT LYONNAIS            US$
       TRANSACT  & BALANCE                                                    0 00            0 00            0 00
26101    ****** FID  DEPOSIT - RNB                        US$
       TRANSACT  & BALANCE                                                    0 00            0 00            0 00
26601    ****** FID  DEPOSIT - CREDIT SUISSE              US$
       TRANSACT  & BALANCE                                                    0 00            0 00            0 00
50801    ****** SECURITIES - CAN  IMP  BK OF COMMER US$
  1  1 BROUGHT FORWARD            190000+                             190 000 00                    190 000 00
  8  1
       SALE                       190000- 8475 5600001                               190 000 00
  8  1
       INTEREST TO 30 03 87 AT 0 437      8475 5600001                                   187 03
  8  1
       REVERSAL                           8475 5600001                    187 03                          0 00
                                                                   -------------- --------------
       TRANSACT  & BALANCE                                            190 187 03     190 187 03           0 00
51401    ****** SECURITIES - BEAR STEARNS                 US$
       TRANSACT  & BALANCE                                                    0 00            0 00            0 00
```

609

```
4202     SCITECH TRADING GROUP INC                                                     87 05 29  PAGE      3
         LEDGER                        FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                 DOC.NO CONTRA                          DEBIT        CREDIT       BALANCE

51801     ****** SECURITIES - MERRILL LYNCH          US$                  N 02954

 8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                  190000+18001 5600001              190 000 00                  190 000 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION                190000-18002 5600001                           190 000 00
 8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT         192850+18003 5600001              192 850 00                  192 850 00
 8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT         193854+18005 5600001              193 854 00
 8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                192850-18004 5600001                           192 850 00     193 854 00
                                                                 -------------- --------------
       TRANSACT  & BALANCE       193854+                           576 704 00   382 850 00     193 854 00

52417     ****** SECURITIES - REED STENHOUSE         HK$

       TRANSACT  & BALANCE                                               0 00         0 00           0 00

52701     ****** SECURITIES - STRAUSS TURNBULL       US$

       TRANSACT  & BALANCE                                               0 00         0 00           0 00

600001    ****** CASH ACCOUNT                        US$

 1  1  BROUGHT FORWARD           114799-             116 615 36+       137 25                       137 25
 8  1
       SALE                      190000+ 8475 08JCD                190 000 00
 8  1
       INTEREST FM 30 1286 TO 08 01     8475 08JCD                     305 78
 8  1
       INTEREST TO 30 03 87 AT 0 437    8475 08JCD                     187 03
 8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                  190000-18001 18JCDTO                           190 000 00
 8  1
```

```
4202     SCITECH TRADING GROUP INC.                                                                87 05 29  PAGE      4
         LEDGER                          FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                DOC.NO CONTRA                        DEBIT         CREDIT        BALANCE

600001  CASH ACCOUNT                                  (SUITE)
       REVERSAL                          8475 08]CD                                         187.03
 8  1
       INTEREST TO 30.03 87 AT 0, 43     8475 08]CD                            187 03                     630 06
30  1 MGT FEES 4TH QAURTER 1986          5001 101001                                        648.33         18 27-
 8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION               190000+18002 18]CDTO                       190 000.00
 8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                 190000+18002 18]CDTO                         2 850 00
 8  4  6.2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT        192850-18003 18]128A                                    192 850 00         18 27-
21  4 MGT FEES 1ST QUARTER 1987          6001 101001                                        118.79        137.06-
 8  5  6.8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT        193854-18005 18]189A                                    193 854 00
 8  5  6.2500 MERRILL LYNCH 8/5/87
       REDEMPTION               192850+18004 18]128A                       192 850 00
 8  5 CREDIT INTEREST           192850+18004 772201                          1 004 42                     136 64-
                                                                       -------------- --------------
       TRANSACT. & BALANCE      264197+                    116 615 36+    577 521 51     577 658 15       136 64-

600017   ****** CASH ACCOUNT                          HK$

 1  1 BROUGHT FORWARD            10000+                     20 906 16-          0 00                        0 00
                                                                       -------------- --------------
       TRANSACT. & BALANCE       10000+                     20 906 16-          0 00           0 00         0 00
```

```
4202     SCITECH TRADING GROUP INC                                            87 05 29  PAGE      5
         LEDGER                     FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                DOC NO CONTRA                   DEBIT       CREDIT      BALANCE

                                                             H 02956
         ****** CHARGES                            US$

73701    ****** BANK CHARGES                       US$
      TRANSACT  & BALANCE                                             0.00          0.00          0.00
```

```
4202    SCITECH TRADING GROUP INC                                                        87 05 29  PAGE     6
        LEDGER                        FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                   DEBIT        CREDIT        BALANCE

        ****** INCOME                                      US$          H 02957

61401   ****** REAL  GAINS/LOSSES - BEAR STEARNS   US$

      TRANSACT  & BALANCE                                                     0 00          0 00           0 00

62417   ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$

      TRANSACT  & BALANCE                                                     0 00          0 00           0 00

62701   ****** REAL  GAINS/LOSSES - ST  TURNBULL   US$

      TRANSACT  & BALANCE                                                     0 00          0 00           0 00

71101   ****** INTEREST EARNED ON BONDS            US$

  8  1
      INTEREST FM 30 1286 TO 08 01       8475 5600001                                     305 78
  8  1
      INTEREST TO 30 03 87 AT 0. 43      8475 5600001                                     187 03         492 81-
  8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                   190000-18002 5600001                                   2 850 00       3 342 81-
                                                                           --------------  --------------
      TRANSACT  & BALANCE        190000-                                      0 00      3 342 81       3 342 81-

71201   ****** DIVIDENDS                           US$

      TRANSACT  & BALANCE                                                     0 00          0 00           0 00
```

```
4202    SCITECH TRADING GROUP INC                                                          87 05 29  PAGE      7
        LEDGER                           FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                     DEBIT          CREDIT       BALANCE

772201    ****** INTEREST EARNED ON FTD                US$                  II 02958

 8  5 CREDIT INTEREST           192850-18004 5600001                                       1 004 42      1 004 42-
86

      TRANSACT  & BALANCE       192850-                          -------------- --------------
                                                                           0 00       1 004 42      1 004 42-
                                                                 ************** **************
               GRAND TOTALS                                        1 431 951 95   1 431 951 95           0 00

                                                                 ************** **************
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

# 02959

TRANSIT ACCOUNT (SUITE)

****** CAPITAL US$

0001 ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS US$

		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
[illegible]	1	BROUGHT FORWARD			5 133.00+		64 378.13	64 378.13-
[illegible]	1	TRANSFER		101001		64 378.13		0.00
[illegible]	1	CHQ R. QUINTERO	5014	5600001		4 000.00		
[illegible]	1	REVERSAL	5014	5600001			4 003.35	3.35-
15	1	CHQ K. PHILLIPS	5043	5600001		4 000.00		
16	1	PMT HOTEL INTERCONT.	5048	5600001	952.45+	457.24		4 453.89
30	1	CHQ R. QUINTERO + BC	5097	5600001		4 003.49		
30	1	REVERSAL	5097	5600001			4 003.49	4 453.89
5	2	TRANSFER FROM LAKE RES.	5217	5600001			100 000.00	95 546.11-
5	2	CHQ K. PHILLIPS + BC	5380	5600001		2 003.71		93 542.40-
28	2	CASH WITHDRAWAL	5262	5600001		30 000.00		63 542.40-
14	3	PMT INV. INTERCONTINENTAL	5325	5600001	4 872.80+	2 551.20		60 991.20-
10	4	PMT INV. HOTEL INTERCONTINENTAL	6025	5600001	2 034.60+	1 036.74		59 954.46-
11	4	CHQ TO SITGI + CHARGES	2060	5600001		58 802.60		1 151.86-
12	4	NEW FUNDS	6085	5600001			16 000.00	17 151.86-
30	4	CHQ K. PHILLIPS + BC	6104	5600001		2 003.87		15 147.99-
20	5	NEW FUNDS	6189	5600001			8 833.00	23 980.99-
22	5	TR. FROM HYDE PARK	6210	5600001			100 000.00	123 980.99-
2	6	NEW FUNDS	6269	5600001			26 390.00	150 370.99-
3	6	RBT TEL. CALL	6253	5600001	112.00+	59.25		150 311.74-
4	6	CHQ K. PHILLIPS + BC	6276	5600001		2 003.76		148 307.98-
11	6	PMT HOTEL INTERCONTINENTAL	6312	5600001	2 745.45+	1 506.41		146 801.57-
19	6	TR. FROM DEFEX	6422	5600001			3 728.00	150 529.57-
30	6	CHQ K. PHILLIPS + BC	6409	5600001		2 003.93		148 525.64-
17	7	PMT INV. 1323	7075	5600001		2 150.00		146 375.64-
22	8	CHQ K. PHILLIPS	7228	5600001		4 000.00		142 375.64-
[illegible]	9	TRANSFER FM U.B.S., FRIBOURG	7286	5600001			86 133.00	
[illegible]	9	CHQ K. PHILLIPS	7307	5600001		2 000.00		226 508.64-
22	9	TRANSFER FAV. STANFORD TECH.	7418	5600001		15 000.00		211 508.64-
[illegible]	10	CHQ TO KEITH E. PHILLIPS	8002	5600001		2 000.00		209 508.64-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

H 02960

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
0001	CAPITAL CONTRIBUTIONS/WITHDRAWA		(SUITE)				
7 10	PMT INV OF INTERCONTINETAL HOTEL	8054	5600001	1 841 30+	1 138 36		208 370 28-
7 11	CHQ KEITH E PHILLIPS	8113	5600001		2 000 00		206 370 28-
5 11	REDEMPTION PAYMENT MADE BY SERFID	8120	5600001		130 319 31		76 050 97-
2 11	PMT INV FM HOTEL INTERCONTINENTA	8144	5600001	1 243 00+	727 75		75 323 22-
8 12	CHQ 391 INTERCONTINENTAL HOTEL	8377	5600001	27 539 05+	16 199 44		59 123 78-
					--------------	--------------	
	TRANSACT & BALANCE			44 473 05+	354 845 19	413 968 97	59 123 78-
1001	●●●●●● CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD					38 000 00	38 000 00-
2 1	TRANSFER		100001			64 878 13	102 878 13-
3 1	MGT FEES 4TH QUARTER 1985	5001	5600001		130 46		102 747 67-
3 4	MGT FEES 1ST QUARTER 1986	6001	5600001		338 83		102 408 84-
7 7	MGT FEES 2ND QUARTER 1986	7001	5600001		538 35		101 870 49-
8 9	7 1250 CALL CREDIT LYONNAIS						
	ADJ	1-	583000F		0 00		101 870 49-
18 9	US$/HK$ AT 7 8035	7364	5600001		17 356 38		84 514 11-
5 10	MGT FEES 3RD QUARTER 1986	8001	5600001		740 65		83 773 46-
23 12	HK$/US$ AT 7 801	8418	5600001	163 089 01-		20 906 16	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		649 04		104 030 58-
					--------------	--------------	
	TRANSACT & BALANCE	1-		163 089 01-	19 753 71	123 784 29	104 030 58-
1017	●●●●●● CAPITAL INVESTED		HK$				
18 9	US$/HK$ AT 7 8035	7364	5600017			135 440 50	135 440 50-
23 12	HK$/US$ AT 7 801	8418	5600017	20 906 16+	163 089 01		27 648 51
					--------------	--------------	
	TRANSACT & BALANCE			20 906 16+	163 089 01	135 440 50	27 648 51

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4202 SCITECH TRADING GROUP INC
LEDGER

FROM 01 01 86 TO 31 12 86

02961

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
202     SCITECH TRADING GROUP INC
        LEDGER                           FROM 01 01 86 TO 11 12 86

C.   NAME & DESCRIPTION                      DOC NO CONTRA                     DEBIT          CREDIT         BALANCE
                                                                # 02962

        ****** ASSETS & LIABILITIES                     US$

5501    ****** FID. DEPOSIT - CREDIT LYONNAIS           US$

1  1 BROUGHT FORWARD                   67340+                             67 340.00                       67 340.00
1  3  7.1250 CALL CREDIT LYONNAIS
      ON CALL                            1710+ 5337 5600001                1 710.62                       69 050.62
3  5  7.1250 CALL CREDIT LYONNAIS
      ON CALL                            1038+ 6252 5600001                1 038.63                       70 089.25
8  9  7.1250 CALL CREDIT LYONNAIS
      ADJ.                                  1+      101001                     0.00
8  9  7.1250 CALL CREDIT LYONNAIS
      OFF CALL                         70089- 7283 5600001                               70 089.25            0.00
                                                                      -------------- --------------
      TRANSACT. & BALANCE                                                 70 089.25      70 089.25            0.00

26101   ****** FID. DEPOSIT - RNB                      US$

21  7  5.2500 RNB NEW YORK CALL
      ON CALL                          50000+ 7175 5600001                50 000.00                       50 000.00
18  8  6.0000 R.N.B. 02/09/86
      FIDUCIARY DEPOSIT                50000+ 7356 5600001                50 000.00                      100 000.00
21  8  5.2500 RNB NEW YORK CALL
      OFF CALL                         50000- 7353 5600001                               50 000.00       50 000.00
28  8  5.2500 RNB NEW YORK CALL
      ON  CALL                         50000+ 7353 5600001                50 000.00                      100 000.00
29  8  5.2500 RNB NEW YORK CALL
      OFF CALL                         50000- 7353 5600001                               50 000.00
29  8  5.3750 R.N.B. 03/09/86
      FIDUCIARY DEPOSIT                50000+ 7358 5600001                50 000.00                      100 000.00
2  9  6.0000 R.N.B. 02/09/86
      REDEMPTION                       50000- 7357 5600001                               50 000.00       50 000.00
3  9  5.3750 R.N.B. 03/09/86
      REDEMPTION                       50000- 7369 5600001                               50 000.00            0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4202     SCITECH TRADING GROUP INC
         LEDGER                          FROM 01 01 86 TO 31 12 86

A/C     NAME & DESCRIPTION               DOC NO CONTRA   # 02963       DEBIT         CREDIT        BALANCE

526101   FID  DEPOSIT - RNB                           (SUITE)
 5  9  6 3125 R N B  20/10/86
       FIDUCIARY DEPOSIT           80000+ 8018 5600001              80 000 00                    80 000 00
20 10  6 3125 R N B  20/10/86
       REDEMPTION                  80000- 8040 5600001                           80 000 00
20 10         R N B  20 11 86
       FIDUCIARY DEPOSIT           80000+ 8041 5600001              80 000 00
20 10         R N B  20 11 86
       REVERSAL                    80000- 8148 5600001                           80 000 00          0 00
                                                               -------------- --------------
       TRANSACT  & BALANCE                                         360 000 00    360 000 00          0 00

526601   ****** FID  DEPOSIT - CREDIT SUISSE         US$

 9  6  6 1250 CALL CREDIT SUISSE
       ON CALL                    100000+ 6290 5600001             100 000 00                   100 000 00
16  6  6 1250 CALL CREDIT SUISSE
       OFF CALL                   100000- 6320 5600001                          100 000 00          0 00
20  6  6 1250 CALL CREDIT SUISSE
       ON  CALL                   100000+ 6361 5600001             100 000 00                   100 000 00
26  6  6 1250 CALL CREDIT SUISSE
       OFF CALL                   100000- 6383 5600001                          100 000 00          0 00
                                                               -------------- --------------
       TRANSACT  & BALANCE                                         200 000 00    200 000 00          0 00

[illegible]0601   ****** SECURITIES - CAN  IMP  BK OF COMMER US$

30 12  6 4375 CIBC CERTIFICATES DEPOSI
       PURCHASE                   190000+ 8475 5600001             190 000 00                   190 000 00
                                                               -------------- --------------
       TRANSACT  & BALANCE        190000+                          190 000 00          0 00     190 000 00
```

202 SCITECH TRADING GROUP INC

LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5'401	●●●●●● SECURITIES - BEAR STEARNS	US$				
1 1	BROUGHT FORWARD	5000+		14 005 00		14 005 00
4 1	GEORGIA PACIFIC					
	PURCHASE	1000+14029	5600001	25 743 88		
5 1	FLUOR CORP					
	SALE	1000-14030	5600001		15 352 13	
1	FLUOR CORP					
	GAIN		761401	1 347 13		25 743 88
9 1	E I DU PONT DE NEMOURS & CO					
	PURCHASE	400+14027	5600001	24 463 04		50 206 92
6 2	E I DU PONT DE NEMOURS & CO					
	SALE	375-14028	5600001		24 319 82	
5 2	E I DU PONT DE NEMOURS & CO					
	GAIN		761401	1 385 72		27 272 82
7 2	E I DU PONT DE NEMOURS & CO					
	SALE	25-14031	5600001		1 631 76	
7 2	E I DU PONT DE NEMOURS & CO					
	GAIN		761401	102 82		
7 2	INTL MINERALS & CHEMICAL CORP					
	PURCHASE	200+14032	5600001	7 038 71		32 782 59
20 2	GEORGIA PACIFIC					
	SALE	500-14038	5600001		14 076 42	
20 2	GEORGIA PACIFIC					
	GAIN		761401	1 204 48		19 910 65
21 2	GEORGIA PACIFIC					
	SALE	500-14039	5600001		14 200 57	
21 2	GEORGIA PACIFIC					
	GAIN		761401	1 328 63		7 038 71
24 2	FOSTER WHEELER CORP					
	PURCHASE	1000+14040	5600001	13 043 49		20 082 20
7 5	INTL MINERALS & CHEMICAL CORP					
	SALE	200-14066	5600001		6 974 76	
7 5	INTL MINERALS & CHEMICAL CORP					
	LOSS		761401		63 95	13 043 49
24 7	BATTLE MOUNTAIN GOLD CO					

H 02964

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

02965

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
551401	SECURITIES - BEAR STEARNS	(SUITE)				
	PURCHASE	1000+14080	5600001	12 000.00		25 043.49
9 9	BATTLE MOUNTAIN GOLD CO. SALE	500-14083	5600001		9 300.00	
9 9	BATTLE MOUNTAIN GOLD CO. GAIN		761401	3 300.00		19 043.49
24 9	BATTLE MOUNTAIN GOLD CO. SALE	250-14092	5600001		4 843.75	
24 9	BATTLE MOUNTAIN GOLD CO. GAIN		761401	1 843.75		16 043.49
25 9	BATTLE MOUNTAIN GOLD CO. SALE	250-14088	5600001		4 843.75	
25 9	BATTLE MOUNTAIN GOLD CO. GAIN		761401	1 843.75		13 043.49
12 11	CITIZENS FINANCIAL GROUP INC PURCHASE	100+14100	5600001	3 783.80		16 827.29
17 12	CITIZENS FINANCIAL GROUP INC SALE	100-14101	5600001		3 776.27	
17 12	CITIZENS FINANCIAL GROUP INC LOSS		761401		7.53	13 043.49
19 12	FOSTER WHEELER CORP. SALE	1000-14[illegible]4	5600001		12 413.38	
19 12	FOSTER WHEELER CORP. LOSS		761401		630.11	0.00
	TRANSACT. & BALANCE			112 934.25	112 934.25	0.00
551801	****** SECURITIES - MERRILL LYNCH	US$				
	TRANSACT. & BALANCE			0.00	0.00	0.00

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

02 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

H 02966

/C	NAME $ DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
2417	****** SECURITIES - REED STENHOUSE HK$					
2 9	HONG KONG LAND					
	PURCHASE	20000+24002	5600017	135 440 50		135 440 50
5 10	DAIRY FARM					
	RCVD FREE 1 X 2 H K LAND	10000+24004	*	15 440 50		
6 10	HONG KONG LAND					
	RCVD FREE 1 X 2 H K LAND	24004	*24DF		15 440 50	135 440 50
4 11	DAIRY FARM					
	SALE	2000-24005	5600017		4 961 25	
4 11	DAIRY FARM					
	GAIN		762417	1 873 15		
6 11	HONG KONG LAND					
	PURCHASE	764+24006	5600017	4 960 44		137 312 84
7 12	HONG KONG LAND					
	SALE	20764-24008	5600017		134 759 08	
7 12	HONG KONG LAND					
	GAIN		762417	9 798 64		
7 12	DAIRY FARM					
	COST ON DAIRY FARM	24007	5600017	6 254 54		
7 12	DAIRY FARM					
	SALE	8000-24007	5600017		34 593 66	
7 12	DAIRY FARM					
	GAIN		762417	15 976 72		0 00
	TRANSACT & BALANCE			189 744 49	189 744 49	0 00
52701	****** SECURITIES - STRAUSS TURNBULL US$					
6 3	9.2500 EMI FINANCE BV					
	PURCHASE	70000+27043	5600001	70 000.00		70 000 00
2 7	HIRAM WALKER					
	PURCHASE	120000+27066	5600001	90 600 00		160 600 00
9 7	NEW ENGLAND LIFE MORTAGE					
	PURCHASE	30000+27065	5600001	9 937 50		170 537 50

CSF INVESTMENTS LTD.

4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
552701	SECURITIES - STRAUSS TURNBULL		(SUITE)				
18 7	HIRAM WALKER						
	SALE	84000-27067	5600001			64 890 00	
18 7	HIRAM WALKER						
	GAIN		762701	‖ 02967	1 470 00		107 117 50
10 9	9.0000 R.H.M. OVERSEAS FINANCE						
	PURCHASE	100000+27075	5600001		100 000 00		207 117 50
16 9	1.0870 S.N.C.F. PART PAID 15/9/						
	PURCHASE	50000+27076	5600001		6 750 00		213 867 50
5 11	9 2500 EMI FINANCE BV						
	SALE	50000- 8148	5600001			50 000 00	163 867 50
2 12	9.2500 EMI FINANCE BV						
	REIMBURSEMENT	20000-27098	5600001			20 200 00	
2 12	9.2500 EMI FINANCE BV						
	GAIN		762701		200 00		143 867 50
19 12	1 0870 S N C F PART PAID 15/9/						
	SALE	50000-27084	5600001			5 562 50	
19 12	1.0870 S.N.C.F. PART PAID 15/9/						
	LOSS		762701			1 187 50	
19 12	NEW ENGLAND LIFE MORTAGE						
	SALE	20000-27085	5600001			9 975 00	
19 12	NEW ENGLAND LIFE MORTAGE						
	GAIN		762701		37 50		
19 12	HIRAM WALKER						
	SALE	36000-27088	5600001			28 620 00	
19 12	HIRAM WALKER						
	GAIN		762701		1 440 00		
19 12	9 0000 R H M OVERSEAS FINANCE						
	SALE	100000-27093	5600001			[illegible]	
19 12	9.0000 R.H.M. OVERSEAS FINANCE						
	GAIN		762701		500 00		[illegible]
	TRANSACT & BALANCE				280 935 00	280 935 00	0 00

·207 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
500001	****** CASH ACCOUNT			US$			
1	BROUGHT FORWARD	68340-		[illegible] 30	21 533.13		21 533.13
[illegible] 1	CHG R. QUINTERO	5014	100001			4 000.00	
7 1	BANK CHARGES	5014	673701	# 02968		3.35	
7 1	REVERSAL	5014	100001		4 003.35		21 533.13
3 1	MGT FEES 4TH QUARTER 1985	5001	101001			130.46	21 402.67
15 1	CHQ K. PHILLIPS	5043	100001			4 500.00	
15 1	BANK CHARGES	5043	673701			3.35	
16 1	PMT HOTEL INTERCONT.	5048	100001	252.43-		457.24	16 942.08
24 1	GEORGIA PACIFIC						
	PURCHASE	1000-14029	14GP			25 743.88	
24 1	FLUOR CORP.						
	SALE	1000+14030	14FLR		15 852.18		7 050.38
23 1	E I DU PONT DE NEMOURS & CO						
	PURCHASE	400-14027	14DD			24 463.04	17 412.66-
30 1	CHQ R. QUINTERO + BC	5097	100001			4 003.49	
30 1	REVERSAL	5097	100001		4 003.49		17 412.66-
6 2	E I DU PONT DE NEMOURS & CO						
	SALE	375+14028	14DD		24 319.82		
6 2	TRANSFER FROM LAKE RES.	5217	100001		100 000.00		106 907.16
7 2	E I DU PONT DE NEMOURS & CO	/					
	SALE	25+14031	14DD		1 631.76		
7 2	INTL MINERALS & CHEMICAL CORP						
	PURCHASE	200-14032	14IGL			7 038.71	101 500.21
20 2	GEORGIA PACIFIC						
	SALE	500+14038	14GP		14 076.42		115 576.63
21 2	GEORGIA PACIFIC						
	SALE	500+14039	14GP		14 200.57		129 777.20
24 2	FOSTER WHEELER CORP						
	PURCHASE	1000-14040	14FWC			13 043.49	116 733.71
26 2	CHQ K. PHILLIPS + BC	5380	100001			2 003.71	114 730.00
28 2	CASH WITHDRAWAL	5262	100001			30 000.00	84 730.00
10 3	GEORGIA PACIFIC						
	DIVIDEND	1000+ 5435	14GP		140.00		84 870.00
13 3	INT. ON CALL	5336	772201		1 710.62		

CSF INVESTMENTS LTD.
HAMILT[illegible] [illegible]ERMUDA

4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)				
13 3	7.1250 CALL CREDIT LYONNAIS					
	ON CALL	1710- 5337 58J000F			1 710 62	84 870 00
14 3	PMT INV. INTERCONTINENTAL	5325 100001	4 872 80-		2 551 20	82 318 80
26 3	9.2500 EMI FINANCE BV					
	PURCHASE	70000-27043 27JEMI	‖ 02969		70 000.00	
26 3	9.2500 EMI FINANCE BV					
	ACCRUED INTEREST	70000-27043 27JEMI			6 133.26	6 185 54
31 3	INTL MINERALS & CHEMICAL CORP					
	DIVIDEND	200+ 6177 14IGL		35 00		6 220 54
8 4	MGT FEES 1ST QUARTER 1986	6001 101001			338 83	5 881 71
10 4	PMT INV. HOTEL INTERCONTINENTAL	6025 100001	2 034 60-		1 036.74	4 844 97
11 4	CHQ TO STIGI + CHARGES	2060 100001			58 802 60	53 957 63-
15 4	9.2500 EMI FINANCE BV					
	CREDIT INTEREST	70000+ 6436 27JEMI		6 475.00		47 482 63
22 4	NEW FUNDS	6085 100001		16 000 00		31 482 63-
30 4	CHQ K. PHILLIPS + BC	6104 100001			2 003 87	33 486 50-
7 5	INTL MINERALS & CHEMICAL CORP					
	SALE	200+14066 14IGL		6 974 76		26 511 74-
20 5	NEW FUNDS	6189 100001		8 833 00		17 678 74-
22 5	TR. FROM HYDE PARK	6210 100001		100 000 00		82 321 26
28 5	CALL INT	6258 772201		1 038 63		
28 5	7.1250 CALL CREDIT LYONNAIS					
	ON CALL	1038- 6259 58J000F			1 038 63	82 321 26
2 6	NEW FUNDS	6269 100001		26 390 00		108 711 26
3 6	RBT TEL. CALL	6253 100001	112 00		59 25	108 652 01
4 6	CHQ K. PHILLIPS + BC	6276 100001			[illegible]	[illegible]
5 6	6.1250 CALL CREDIT SUISSE					
	ON CALL	100000 6290 66J000K			[illegible]	[illegible]
11 6	PMT HOTEL INTERCONTINENTAL	6312 100001	2 745 45-		1 306 4[illegible]	5 141 84
16 6	6.1250 CALL CREDIT SUISSE					
	OFF CALL	100000+ 6320 66J000K		100 000 00		
16 6	CALL INT	6384 772201		116 69		
16 6	FOSTER WHEELER CORP					
	DIVIDEND	1000+ 6441 14FWC		77 00		105 335 53
19 6	TR. FROM DEFEX	6422 100001		3 728 00		109 063 53
20 6	6.1250 CALL CREDIT SUISSE					

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

02970

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
00001	CASH ACCOUNT (SUITE)					
	ON CALL	100000- 6361	661000K		100 000 00	9 063 53
5	5 1250 CALL CREDIT SUISSE					
	OFF CALL •	100000+ 6383	661000K	100 000 00		
6	CALL INT	6414	772201	50 00		
6	CALL INT	6414	772201	16 66		109 130 19
1 6	CHQ K PHILLIPS • BC	6409	100001		2 003 93	107 126 26
7	HIRAM WALKER					
	PURCHASE	120000-27066	271HIWA		91 600 00	15 526 26
7	MGT FEES 2ND QUARTER 1986	7001	101001		238 35	15 287 91
9 7	NEW ENGLAND LIFE MORTAGE					
	PURCHASE	30000-27065	271NEWE		9 237 50	6 050 41
17 7	PMT INV 1323	7075	100001		2 150 00	3 900 41
18 7	HIRAM WALKER					
	SALE	94000+27067	271HIWA	64 890 00		68 790 41
1 7	5 2500 RNB NEW YORK CALL					
	ON CALL	50000- 7175	611600		50 000 00	18 790 41
4 7	BATTLE MOUNTAIN GOLD CO					
	PURCHASE	1000-14080	14BMGC		12 000 00	6 790 41
31 7	CALL INTEREST	7206	772201	90 41		6 880 82
8 8	6 0000 R.N.B. 02/09/86					
	FIDUCIARY DEPOSIT	50000- 7356	611245A		50 000 00	43 119 18
1 8	5 2500 RNB NEW YORK CALL					
	OFF CALL	50000+ 7353	611600	50 000 00		6 880.82
2 8	CHQ K PHILLIPS	7228	100001		4 000 00	
22 8	BANK CHARGES	7228	673701		5 95	2 874 87
8 8	5 2500 RNB NEW YORK CALL					
	ON CALL	50000- 7353	611600		50 000 00	47 125 13-
9 8	5 2500 RNB NEW YORK CALL					
	OFF CALL	50000+ 7353	611600	50 000.00		
29 8	5 3750 R.N.B. 03/09/86					
	FIDUCIARY DEPOSIT	50000- 7358	611246A		50 000 00	47 125 13-
2 9	TRANSFER FM U.B.S . FRIBOURG	7286	100001	86 133 00		
2 9	CHQ K PHILLIPS	7307	100001		2 000 00	
2 9	BANK CHARGES	7307	673701		6 06	
2 9	6.0000 R.N.B. 02/09/86					
	REDEMPTION	50000+ 7357	611245A	50 000 00		

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4202    SCITECH TRADING GROUP INC
        LEDGER                        FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                DOC.NO CONTRA                         DEBIT         CREDIT        BALANCE

5600001  CASH ACCOUNT                              (SUITE)
 2  9 INTEREST                           7357 772201                          123.29                      87 125.10
 3  9  5.3750 R.N.B. 03/09/86
      REDEMPTION                  50000+ 7369 611246A                      50 000.00
 3  9 INTEREST                           7369 772201                           36.81                     137 161.91
 5  9  6.3125 R.N.B. 20/10/86
      FIDUCIARY DEPOSIT           80000- [illegible] 611293A                              80 000.00       57 161.91
 8  9  7.1250 CALL CREDIT LYONNAIS
      OFF CALL                    70089+ 7283 581000F                      70 089.25
 8  9 CALL INTEREST                      7283 772201                        1 303.47
 8  9 ADJ ON OFF CALL                    7283 772201                                       0.01
 8  9 CALL INT                           7371 772201                          157.53                     128 712.15
 9  9 BATTLE MOUNTAIN GOLD CO.
      SALE                          500+14083 14BMGC                        9 300.00                     138 012.15
10  9  9.0000 R.H.M. OVERSEAS FINANCE
      PURCHASE                   100000-27075 271RHM                                     100 000.00
10  9  9.0000 R.H.M. OVERSEAS FINANCE
      ACCRUED INTEREST           100000-27075 271RHM                                         625.00       37 387.15
15  9 FOSTER WHEELER CORP.
      DIVIDEND                     1000+ 7435 14FWC                            77.00                      37 464.15
16  9  1.0870 S.N.C.F. PART PAID 15/9/
      PURCHASE                    50000-27076 771SNCF                                      6 750.00
16  9  1.0870 S.N.C.F. PART PAID 15/9/
      ACCRUED INTEREST            50000-27076 771SNCF                                          1.51       30 712.64
18  9 US$/HK$ AT 7.8035                  7364 101001                                      17 354.38
18  9 BATTLE MOUNTAIN GOLD CO.
      DIVIDEND                     1000+ 7435 14BMGC                           17.50                      13 3[illegible]
22  9 TRANSFER FAV. STANFORD TECH        74[illegible] 100001                                      15 000.00       [illegible]
24  9 BATTLE MOUNTAIN GOLD CO.
      SALE                          250+14092 14BMGC                        4 843.75                       3 21[illegible]
25  9 BATTLE MOUNTAIN GOLD CO.
      SALE                          250+14088 14BMGC                        4 843.75                       8 061.26
 2 10 CHQ TO KEITH E. PHILLIPS           8002 100001                                       2 000.00
 2 10 BANK CHARGES                       8002 673701                                           6.15        6 055.[illegible]
15 10 MGT FEES 3RD QUARTER 1986          8001 101001                                         740.65        5 [illegible]14.41
17 10 PMT INV. OF INTERCONTINETAL HOTEL  8054 100001       1 841.30-                       1 13[illegible].36        4 17[illegible]
20 10  6.3125 R.N.B. 20/10/86
```

|| 02971

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

/C	NAME & DESCRIPTION		DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
00001	CASH ACCOUNT				(SUITE)			
	REDEMPTION	80000+	8040	611293A		80 000 00		
20 10	INTEREST		9040	772201		622 40		
20 10	R N 3 20 11 86							
	FIDUCIARY DEPOSIT	80000-	8041	611324B			80 000 00	
20 10	R.N.3 20.11.86							
	REVERSAL	80000+	8148	611324B	‖ 02972	80 000 00		84 798 72
3 11	CHQ KEITH E PHILLIPS		8113	100001			2 000 00	
3 11	BANK CHARGES		8113	673701			5 87	82 792 85
5 11	REDEMPTION PAYMENT MADE BY SERFID		8120	100001			130 319 31	
5 11	9.2500 EMI FINANCE BV							
	SALE	50000+	8148	27JEMI		50 000.00		
5 11	9.2500 EMI FINANCE BV							
	ACCRUED INTEREST	50000+	8148	27JEMI		2 584 93		5 058 47
12 11	PMT INV FM HOTEL INTERCONTINENTA		8144	100001	1 243 00-		727 75	
12 11	CITIZENS FINANCIAL GROUP INC							
	PURCHASE	100-	14100	14CITN			3 783 80	546 92
2 12	9.2500 EMI FINANCE BV							
	REIMBURSEMENT	20000+	27098	27JEMI		20 200 00		
2 12	9.2500 EMI FINANCE BV							
	ACCRUED INT	20000+	27098	27JEMI		1 166 52		21 913 44
15 12	FOSTER WHEELER CORP							
	DIVIDEND	1000+	8487	14FWC		77 00		21 990 44
17 12	CITIZENS FINANCIAL GROUP INC							
	SALE	100+	14101	14CITN		3 776 27		25 766 71
18 12	CHQ 391 INTERCONTINENTAL HOTEL		8377	100001	27 532 05-		16 199 44	9 567 27
19 12	1 0870 S.N C.F PART PAID 15/9/							
	SALE	50000+	27084	27JSNCF		5 562 50		
19 12	1 0870 S.N C.F PART PAID 15/9/							
	CREDIT INTEREST	50000+	27084	27JSNCF		141.98		
19 12	NEW ENGLAND LIFE MORTAGE							
	SALE	30000+	27085	27JNEWE		9 975 00		
19 12	HIRAM WALKER							
	SALE	36000+	27088	27JHIWA		28 620 00		
19 12	9 0000 R H M OVERSEAS FINANCE							
	SALE	100000+	27093	27JRHM		100 500 00		
19 12	9 0000 R H M OVERSEAS FINANCE							

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4202 SCITECH TRADING GROUP INC
LEDGEP FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)			
	CREDIT INTEREST	100000+27093 27JRHM		3 100 00		
19 12	FOSTER WHEELER CORP SALE	1000+14114 14FWC		12 413 38		169 880 13
23 12	HK$/US$ AT 7 801	8418 101001	163 089 01+ 02973	20 906 16		
23 12	MGT FEES 4TH QUARTER 86	8428 101001			649 04	190 137 25
30 12	6 4375 CIBC CERTIFICATES DEPOSI PURCHASE	190000- 8475 08JCD			190 000 00	137 25
	TRANSACT & BALANCE	114799-	116 615 36+	1 432 758 18	1 432 620 93	137 25
5600017	###### CASH ACCOUNT		HK$			
12 9	HONG KONG LAND PURCHASE	20000-24002 24HKL			135 440 50	135 440 50-
18 9	US$/HK$ AT 7 8035	7364 101017		135 440 50		0 00
4 11	DAIRY FARM SALE	2000+24005 24DF		4 961 25		
4 11	HONG KONG LAND PURCHASE	764-24006 24HKL			4 960 42	0 83
17 12	HONG KONG LAND SALE	20764+24008 24HKL		134 75[illegible]		
17 12	DAIRY FARM COST ON DAIRY FARM	24007 24DF			6 254 14	
17 12	DAIRY FARM SALE	8000+24007 24DF		34 583 [illegible]		[illegible]
23 12	HK$/US$ AT [illegible]	8418 101017	20 906 16-		[illegible]	[illegible]
	TRANSACT. & BALANCE	10000+	20 906 16-	309 744 49	309 744 49	0 00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE

H 02974

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

02975

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
6	****** CHARGES		US$			
73701	****** BANK CHARGES		US$			
7 1	BANK CHARGES	5014	5600001	3 35		3 35
16 1	BANK CHARGES	5043	5600001	3 35		6 70
22 8	BANK CHARGES	7228	5600001	5 95		12 65
2 9	BANK CHARGES	7307	5600001	6 06		18 71
2 10	BANK CHARGES	8002	5600001	6 13		24 84
3 11	BANK CHARGES	8113	5600001	5 87		30 71
	TRANSACT. & BALANCE			30 71	0 00	30 71

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

II 02976

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
	****** INCOME	US$			
[illegible]	****** REAL GAINS/LOSSES - BEAR STEARNS	US$			
4 1	FLUOR CORP GAIN	14FLR		1 847 18	1 847 18-
5 2	E I DU PONT DE NEMOURS & CO GAIN	14DD		1 385 72	3 232 90-
[illegible] 2	E I DU PONT DE NEMOURS & CO GAIN	14DD		102 82	3 335 72-
20 2	GEORGIA PACIFIC GAIN	14GP		1 204 48	4 540 20-
21 2	GEORGIA PACIFIC GAIN	14GP		1 328 63	5 868 83-
7 5	INTL MINERALS & CHEMICAL CORP LOSS	14IGL	63 95		5 804 88-
9 9	BATTLE MOUNTAIN GOLD CO GAIN	14BMGC		3 300 00	9 104 88-
24 9	BATTLE MOUNTAIN GOLD CO GAIN	14BMGC		1 843 75	10 948 63-
25 9	BATTLE MOUNTAIN GOLD CO GAIN	14BMGC		1 843 75	12 792 38-
17 12	CITIZENS FINANCIAL GROUP INC LOSS	14CITN	7 53		12 784 85-
19 12	FOSTER WHEELER CORP LOSS	14FWC	630 11		12 154 74-
	TRANSACT & BALANCE		701 59	12 856 33	12 154 74-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4202 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

|| 02977

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
762417	****** REAL GAINS/LOSSES - REED STENHOUSE HK$				
4 11	DAIRY FARM GAIN	24DF		1 873.15	1 873.15-
17 12	HONG KONG LAND GAIN	24HKL		9 798.64	
17 12	DAIRY FARM GAIN	24DF		15 976.72	27 648.51-
	TRANSACT & BALANCE		0.00	27 648.51	27 648.51-
762701	****** REAL GAINS/LOSSES - ST. TURNBULL US$				
18 7	HIRAM WALKER GAIN	271HIWA		1 470.00	1 470.00-
2 12	9.2500 EMI FINANCE BV GAIN	271EMI		200.00	1 670.00-
19 12	1.0870 S.N.C.F. PART PAID 15/9/ LOSS	271SNCF	1 187.50		
19 12	NEW ENGLAND LIFE MORTAGE GAIN	271NEWL		27.50	
19 12	HIRAM WALKER GAIN	272HIWA		1 440.00	
19 12	9.0000 R.H.M. OVERSEAS FINANCE GAIN	271RHM		510.00	2 460.00-
	TRANSACT & BALANCE		1 187.50	3 647.50	2 460.00-
771101	****** INTEREST EARNED ON BONDS US$				
26 3	9.2500 EMI FINANCE BV ACCRUED INTEREST	70000+27043 5600001	6 133.26		6 133.26
15 4	9.2500 EMI FINANCE BV CREDIT INTEREST	70000- 6436 5600001		6 475.00	341.74-

CSF INVESTMENTS LTD.
HAMILT[illegible] BERMUDA

```
,202     SCITECH TRADING GROUP INC.
         LEDGER                       FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION              DOC NO CONTRA                        DEBIT        CREDIT      BALANCE

71101   INTEREST EARNED ON BONDS                     (SUITE)
10  9  9 0000 R.H.M. OVERSEAS FINANCE
       ACCRUED INTEREST           100000+27073 5600001                    429 99                   [illegible]83 2[illegible]
[illegible] 9  1 0870 S N C F  PART PAID 15/97
       ACCRUED INTEREST           50000+27076 5600001                       1 5[illegible]                  [illegible]84 7[illegible]
[illegible] 11  9 2500 EMI FINANCE BV
       ACCRUED INTEREST           50000- 8143 5600001                                   2 584 93    2 309 1[illegible]-
2 12  9 2500 EMI FINANCE BV
       ACCRUED INT                20000-27093 5600001                                   1 156 52    3 466 68-
[illegible] 12  1 0870 S N C F  PART PAID 15/97
       CREDIT INTEREST            50000-27084 5600001                                     141 98
[illegible]9 12  9 0000 R.H.M. OVERSEAS FINANCE
       CREDIT INTEREST           100000-27093 5600001                                   3 100 00    6 708 66-
                                                                    -------------  -------------
       TRANSACT. & BALANCE        70000-                                6 759 77      13 468 43    6 708 66-

71201     ****** DIVIDENDS                            US$

10  3 GEORGIA PACIFIC
      DIVIDEND                    1000- 5435 5600001                                      140 00      140 00-
[illegible]1  3 INTL MINERALS & CHEMICAL CORP
      DIVIDEND                     200- 6177 5600001                                       35 00      175 00-
16  6 FOSTER WHEELER CORP.
      DIVIDEND                    1000- 6441 5600001                                       77 00      252 00-
15  9 FOSTER WHEELER CORP.
      DIVIDEND                    1000- 7435 5600001                                       77 00      329 00-
18  9 BATTLE MOUNTAIN GOLD CO.
      DIVIDEND                    1000- 7435 5600001                                       17 50      346 50-
15 12 FOSTER WHEELER CORP.
      DIVIDEND                    1000- 8487 5600001                                       77 00      423 50-
                                                                    -------------  -------------
      TRANSACT. & BALANCE         5200-                                    0 00         423 50      423 50-
```

H 02978

634

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

4202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NC CONTRA	DEPIT	CREDIT	BALANCE
72201	###### INTEREST EARNED ON FTD	US$	# 02979		
13 3	INT. ON CALL	5336 5600001		1 710 62	1 710 62-
28 5	CALL INT	6258 5600001		1 038 63	2 749 25-
16 6	CALL INT	6384 5600001		116 69	2 865 94-
24 6	CALL INT	6414 5600001		50 00	
24 6	CALL INT.	6414 5600001		16.66	2 932.60-
21 7	CALL INTEREST	7206 5600001		90 41	3 023 01-
2 9	INTEREST	7357 5600001		123 29	3 146 30-
3 9	INTEREST	7369 5600001		36 81	3 183 11-
8 9	CALL INTEREST	7283 5600001		1 303 47	
8 9	ADJ ON OFF CALL	7283 5600001	0 01		
8 9	CALL INT.	7371 5600001		157 53	4 644 10-
20 10	INTEREST	8040 5600001		622 60	5 266 70-
			---------------	---------------	
	TRANSACT. & BALANCE		0 01	5 266 71	5 266 70-
			###############	###############	
	GRAND TOTALS		3 692 573 15	3 692 573 15	0 00
			###############	###############	

00 C.S.F. INV. LTD
LEDGER

FROM 01 01 85 TO 31 12 85

86 03 13 PAGE 366

02930

2001 ****** SCITECH TRADING GROUP INC. CASH US$

C	NAME & DESCRIPTION		DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
11	NEW FUNDS		8160	5611001			67 340.00	
11	FIDUCIARY DEPOSIT	67340+	8160	5611001		67 340.00		0.00
11	PMT. INTERCONTINENTAL		8215	5609001	5 133.00+	2 461.87		2 461.87
12	CHQ K. PHILLIPS		8303	999901		2 000.00		
12	BUS. EXP. PHASE IV		8333	999901			50 000.00	
12	RD WITH. AH AND RVS		8333	999901		10 000.00		35 538.13-
12	PURCHASE	1000+	8424	*5614001		14 005.00		21 533.13-

INVESTMENTS LTD.
HAMILTON BERMUDA

[redacted]

```
                                                                H 02981          86 03 13  PAGE    367
2000      C.S.F  INV  LTD
          LEDGER                        FROM 01 01 85 TO 31 12 85
                                                                     DEBIT        CREDIT       BALANCE
A/C    NAME & DESCRIPTION                   DOC NO CONTRA
                                                    (SUITE)
                                                               -------------- --------------
4202001  SCITECH TRADING GROUP INC  CASH
                                                  5 133.00+     95 806.87     117 340.00      21 533.13-
         TRANSACT  & BALANCE       68340+
4224      AH/SUB  A/C # 1                                                                      87 05 29  PAGE       1
          LEDGER                    FROM 01 01 87 TO 30 06 87

A/C     NAME & DESCRIPTION                DOC NO CONTRA                             DEBIT          CREDIT         BALANCE

1            ****** CAPITAL                              US$

100001       ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$
                                                                                                 2 000 000 00   2 000 000 00-
  1   1 BROUGHT FORWARD                                                                                                 0 00
  2   1 TRANSFER                             101001                               2 000 000 00                    1 767 12
  4   3 PMT F  2082 STC INT             1317 5600001                                  1 767 12
                                                                               -------------- --------------
        TRANSACT  & BALANCE                                                       2 001 767 12   2 000 000 00        1 767 12

101001       ****** CAPITAL INVESTED                     US$

  1   1 BROUGHT FORWARD                                         25 178 56+           15 246 19
  1   1 1986 P/L  NET BALANCE                                                                     144 397 70      129 151 51-
  2   1 TRANSFER                             100001                                             2 000 000 00    2 129 151 51-
 10   1 MGT FEES 4TH QAURTER 1986       5001 5600001                                    3 834 48                2 125 317 03-
 21   4 MGT FEES 1ST QUARTER 1987       6001 5600001                                    1 330 69                2 123 986 34-
                                                                               -------------- --------------
        TRANSACT  & BALANCE                                     25 178 56+           20 411 36   2 144 397 70    2 123 986 34-

101012       ****** CAPITAL INVESTED                     MFK

  1   1 BROUGHT FORWARD                                          5 308 25-                           25 178 56
  1   1 1986 P/L  NET BALANCE                                                          25 178 56                          0 00
                                                                               -------------- --------------
        TRANSACT  & BALANCE                                      5 308 25-            25 178.56      25 178 56            0.00
```

```
                                                                            87 05 29  PAGE      2
4224     AH/SUB  A/C # 1                    FROM 01 01 87 TO 30 06 87
         LEDGER
A/C   NAME & DESCRIPTION                      DOC NO CONTRA                DEBIT        CREDIT       BALANCE
```

639

```
4224     AH/SUB  A/C # 1                                                              87 05 29  PAGE      3
         LEDGER                          FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT         CREDIT        BALANCE

5           ****** ASSETS & LIABILITIES                   US$

517401      ****** PRIVATE INVESTMENTS RECEIVABLE         US$
       TRANSACT  & BALANCE                                                     0.00           0.00           0.00
525601      ****** FID  DEPOSIT - CONTINENTAL BANK        US$
       TRANSACT  & BALANCE                                                     0.00           0.00           0.00
526101      ****** FID  DEPOSIT - RNB                     US$
       TRANSACT  & BALANCE                                                     0.00           0.00           0.00
526601      ****** FID  DEPOSIT - CREDIT SUISSE           US$
       TRANSACT  & BALANCE                                                     0.00           0.00           0.00
526901      ****** FID  DEPOSIT - CIBC GENEVA             US$
       TRANSACT  & BALANCE                                                     0.00           0.00           0.00
550601      ****** SECURITIES - R N B                     US$
       TRANSACT  & BALANCE                                                     0.00           0.00           0.00
550801      ****** SECURITIES - CAN  IMP  BK OF COMMER US$
  1  1 BROUGHT FORWARD          2127000+                              2 127 000.00                 2 127 000.00
  8  1 SALE                     2127000- 8475 5600001                               2 127 000.00
  8  1 INTEREST TO 30 03 87 AT 0 437      8475 5600001                                   2 093.76
  8  1 REVERSAL                          8475 5600001                     2 093.76                          0.00
```

```
4224     AH/SUB  A/C # 1                                                                    87 05 29  PAGE      4
         LEDGER                      FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                          DEBIT          CREDIT         BALANCE

550801   SECURITIES - CAN  IMP  BK OF CO            (SUITE)
                                                                        -------------- --------------
       TRANSACT  & BALANCE                                                2 129 093 76   2 129 093 76            0.00

551401     ****** SECURITITES - BEAR STEARNS        US$

       TRANSACT  & BALANCE                                                        0.00           0.00            0.00

551801     ****** SECURITIES - MERRILL LYNCH        US$

  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                  2125000+18001 5600001                    2 125 000.00                   2 125 000.00
  8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION                2125000-18002 5600001                                 2 125 000.00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT         2156875+18003 5600001                    2 156 875.00                   2 156 875.00
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT         2168108+18005 5600001                    2 168 108.00
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                2156875-18004 5600001                                 2 156 875.00    2 168 108.00
                                                                        -------------- --------------
       TRANSACT  & BALANCE       2168108+                                 6 449 983.00   4 281 875.00    2 168 108.00

552[illegible]     ****** SECURITIES - MORGAN STANLEY      MFK

       TRANSACT  & BALANCE                                                        0.00           0.00            0.00

552701     ****** SECURITIES - STRAUSS TURNBULL    US$

       TRANSACT  & BALANCE                                                        0.00           0.00            0.00
```

H 02985

```
 4224     AH/SUB. A/C # 1                                                                 87 05 29  PAGE      5
          LEDGER                       FROM 01 01 87 TO 30 06 87                          H 02986
 A/C   NAME & DESCRIPTION                 DOC.NO CONTRA                         DEBIT        CREDIT     BALANCE

5600001   ****** CASH ACCOUNT                         US$

  1  1 BROUGHT FORWARD           1637000-                   25 178 56-       2 151 51                     2 151.51
  8  1
       SALE                      2127000+ 8475 08]CD                     2 127 000 00
  8  1
       INTEREST FM 30.1286 TO 08.01.      8475 08]CD                         3 423 14
  8  1
       INTEREST TO 30.03.87 AT 0.437      8475 08]CD                         2 093 76
  8  1  6.0000 EURO-CD TORONTO DOMINION
       PURCHASE                  2125000-18001 18]CDTO                                 2 125 000.00
  8  1
       REVERSAL                           8475 08]CD                                       2 093.76
  8  1
       INTEREST TO 30.03.87 AT 0. 43      8475 08]CD                         2 093 76                     9 668.41
 30  1 MGT FEES 4TH QAURTER 1986          5001 101001                                      3 834.48       5 833.93
  4  3 PMT F. 2082 STC INT.               1317 100001                                      1 767.12       4 066.81
  8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION                2125000+18002 18]CDTO                   2 125 000.00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       INTEREST                  2125000+18002 18]CDTO                      31 875.00
  8  4  6.2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT         2156875-18003 18]128A                                 2 156 875.00       4 066.81
 21  4 MGT FEES 1ST QUARTER 1987          6001 101001                                      1 330.69       2 736.12
  8  5  6.8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT         2168108-18005 18]189A                                 2 168 108.00
  8  5  6.2500 MERRILL LYNCH 8/5/87
       REDEMPTION                2156875+18004 18]128A                   2 156 875.00
  8  5 CREDIT INTEREST           2156875+18004 772201                       11 233.73                     2 736.85

                                                                       -------------- --------------
       TRANSACT  & BALANCE       2603767+                   25 178.56-   6 461 745.90  6 459 009.05       2 736.85
```

```
4224      AH/SUB  A/C # 1                                                           87 05 29  PAGE      6
          LEDGER                   FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION              DOC NO CONTRA                        DEBIT        CREDIT        BALANCE

5600012    ****** CASH ACCOUNT                     MFK
        TRANSACT  & BALANCE                                                  0 00          0 00           0 00
570001     ****** BLOCKED DEPOSIT ACCOUNT          US$
        TRANSACT  & BALANCE                                                  0 00          0 00           0 00
```

643

H 02987

```
4224     AH/SUB. A/C # 1                                                      87 05 29  PAGE      7
         LEDGER                  FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION              DOC NO CONTRA                 DEBIT        CREDIT       BALANCE

6        ###### CHARGES                          US$
```

```
                                                                                   87 05 29  PAGE      8
4224      AH/SUB  A/C # 1
          LEDGER                          FROM 01 01 87 TO 30 06 87
                                                                           DEBIT        CREDIT        BALANCE
A/C     NAME & DESCRIPTION                   DOC NO CONTRA
7         CHARGES                                     (SUITE)
7          ****** INCOME                               US$

760601     ****** REAL  GAINS/LOSSES - R N B           US$
                                                                           0 00          0 00          0 00
         TRANSACT  & BALANCE
760801     ****** REAL  GAINS/LOSSES - CIBC            US$
                                                                           0 00          0 00          0 00
         TRANSACT  & BALANCE
761401     ****** REAL  GAINS/LOSSES - BEAR STEARNS    US$
                                                                           0 00          0 00          0 00
         TRANSACT  & BALANCE
762212     ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK
                                                                           0 00          0 00          0 00
         TRANSACT  & BALANCE
762401     ****** REAL  GAINS/LOSSES - BEAR STEARNS    US$
                                                                           0 00          0 00          0 00
         TRANSACT  & BALANCE
762701     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$
                                                                           0 00          0 00          0 00
         TRANSACT  & BALANCE
771101     ****** INTEREST EARNED ON BONDS             US$
  8  1                                                                                3 423 14
          INTEREST FROM 30 12 86 TO 08 01      8475 5600001
  8/ 1                                                                                2 093 76      5 516 90-
          INTEREST TO 30 03 87 AT 6. 43        8475 5600001
  8  4   6 0000 EURO-CD TORONTO DOMINION                                             31 875 00     37 391 90-
          INTEREST                       2125000-18002 5600001
```

```
4224     AH/SUB  A/C # 1                                                                 87 05 29  PAGE      9
         LEDGER                      FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA        H 02990     DEBIT          CREDIT         BALANCE

771101   INTEREST EARNED ON BONDS                       (SUITE)

                                                                       -------------- --------------
       TRANSACT  & BALANCE       2125000-                                       0.00      37 391.90      37 391.90-

771212    ****** DIVIDENDS                              MFK

       TRANSACT  & BALANCE                                                      0.00           0.00           0.00

772201    ****** INTEREST EARNED ON FTD                 US$

  8  5 CREDIT INTEREST           2156875-18004 5600001                                    11 233.73      11 233.73-
                                                                       -------------- --------------
       TRANSACT  & BALANCE       2156875-                                       0.00      11 233.73      11 233.73-

772301    ****** INCOME ON INVESTMENTS                  US$

       TRANSACT  & BALANCE                                                      0.00           0.00           0.00

800       ****** DEBTOR BY GUARANTEE                    US$

800001    ****** FORWAY DEBTOR GUARANTY                 US$

       TRANSACT  & BALANCE                                                      0.00           0.00           0.00

801       ****** GUARANTEE FURNISHED                    US$

801001    ****** CIBC GUARANTY FURNISHED                US$

       TRANSACT  & BALANCE                                                      0.00           0.00           0.00
```

```
                                                                              87 05 29  PAGE     10
4224    AH/SUB  A/C # 1                    FROM 01 01 87 TO 30 06 87
        LEDGER                                                               DEBIT        CREDIT      BALANCE
A/C   NAME & DESCRIPTION                     DOC NO CONTRA
```

```
4224     AH/SUB  A/C # 1                                                       87 05 29  PAGE     11
         LEDGER                   FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION            DOC NO CONTRA                  DEBIT         CREDIT      BALANCE

9        ###### TRANSIT ACCOUNTS               US$

                                                        ############## ##############
            GRAND TOTALS                                17 088 179 70 17 088 179.70           0.00

                                                        ############## ##############
```

648

H 02932

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

87 01 28 PAGE 1

4224 AH/SUB. A/C # 1
LEDGER FROM 01 01 86 TO 31 12 86

|| 02993

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
	TRANSIT ACCOUNTS		(SUITE)				
	****** CAPITAL		US$				
00001	****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
6 3	NEW FUNDS	5279	5600001			1 990 000 00	1 990 000.00-
21 5	TR. FROM GULF	6218	5600001			10 000 00	2 000 000.00-
	TRANSACT. & BALANCE				0.00	2 000 000.00	2 000 000.00-
01001	****** CAPITAL INVESTED		US$				
7 7	MGT FEES 2ND QUARTER 1986	7001	5600001		2 481.98		2 481.98
15 10	MGT FEES 3RD QUARTER 1986	8001	5600001		3 744.75		6 226.73
25 11	MKF/US$ AT 20.455	22026	5600001	212 678.56+	43 503.40		49 730.13
23 12	MKF/US$ AT 4.909	8418	5600001	187 500.00-		38 195 15	
23 12	MGT FEES 4TH QUARTER 86	8428	5600001		3 711.21		15 246.19
	TRANSACT. & BALANCE			25 178.56+	53 441.34	38 195.15	15 246.19
01012	****** CAPITAL INVESTED		MFK				
25 11	MKF/US$ AT 20.455	22026	5600012	43 503.40-		212 678.56	212 678.56-
23 12	MKF/US$ AT 4.909	8418	5600012	38 195.15+	187 500.00		25 178.56-
	TRANSACT. & BALANCE			5 308.25-	187 500.00	212 678.56	25 178.56-

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

224 AH/SUB. A/C # 1 87 01 28 PAGE 2
LEDGER FROM 01 01 86 TO 31 12 86

/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE

H 02994

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

87 01 28 PAGE 3

4224 AH/SUB. A/C # 1
LEDGER
FROM 01 01 86 TO 31 12 86

02995

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5	****** ASSETS & LIABILITIES	US$			
517401	****** PRIVATE INVESTMENTS RECEIVABLE	US$			
5 9	7.0000 COSFIN BV INVESTMENT	50000+ 3519 5600001	50 000.00		50 000.00
11 12	7.0000 COSFIN BV REDEMPTION	50000- 4436 5600001		50 000.00	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		50 000.00	50 000.00	0.00
525601	****** FID. DEPOSIT - CONTINENTAL BANK	US$			
6 11	5.8750 CONTINENTAL BANK 08.12.8 FIDUCIARY DEPOSIT	14000+ 8107 5600001	14 000.00		14 000.00
8 12	5.8750 CONTINENTAL BANK 08.12.8 REDEMPTION	14000- 8268 5600001		14 000.00	
8 12	6.2500 CONTINENTAL BANK 08.01.8 FIDUCIARY DEPOSIT	14000+ 8269 5600001	14 000.00		14 000.00
15 12	6.2500 CONTINENTAL BANK 08.01.8 REDEMPTION	14000- 8327 5600001		14 000.00	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		28 000.00	28 000.00	0.00
526101	****** FID. DEPOSIT - RNB	US$			
5 9	6.3125 R.N.B. 20/10/86 FIDUCIARY DEPOSIT	100000+ 8018 5600001	100 000.00		100 000.00
12 9	5.2500 RNB NEW YORK CALL ON CALL	10000+ 7438 5600001	10 000.00		110 000.00
20 10	6.3125 R.N.B 20/10/86 REDEMPTION	100000- 8040 5600001		100 000.00	
20 10	R.N.B. 20.11.86				

CSF INVESTMENTS LTD.

II 02996

```
4224      AH/SUB. A/C # 1                                                         87 01 28  PAGE      4
          LEDGER                     FROM 01 01 86 TO 31 12 86

A/C.   NAME & DESCRIPTION                  DOC.NO CONTRA                          DEBIT          CREDIT        BALANCE

26101    FID. DEPOSIT - RNB                         (SUITE)
       FIDUCIARY DEPOSIT            100000+ 8041 5600001                   100 000.00                      110 000.00
10 11   5.2500 RNB NEW YORK CALL
       OFF CALL                      10000- 8199 5600001                                   10 000.00      100 000.00
20 11          R.N.B. 20.11.86
       REDEMPTION                   100000- 8174 5600001                                  100 000.00            0.00
                                                                        -------------- --------------
       TRANSACT. & BALANCE                                                 210 000.00     210 000.00            0.00

26601     ****** FID. DEPOSIT - CREDIT SUISSE        US$

 5  3   6.1250 CALL CREDIT SUISSE
       ON CALL                     2000000+ 5288 5600001                 2 000 000.00                    2 000 000.00
10  4   6.1250 CALL CREDIT SUISSE
       OFF CALL                     250000- 6022 5600001                                  250 000.00    1 750 000.00
14  4   6.1250 CALL CREDIT SUISSE
       OFF CALL                     200000- 6032 5600001                                  200 000.00    1 550 000.00
22  4   6.1250 CALL CREDIT SUISSE
       ON CALL                      450000+ 6074 5600001                   450 000.00                    2 000 000.00
20  6   6.1250 CALL CREDIT SUISSE
       OFF CALL                     634000- 6361 5600001                                  634 000.00    1 366 000.00
23  6   6.1250 CALL CREDIT SUISSE
       OFF CALL                     812000- 6374 5600001                                  812 000.00      554 000.00
24  6   6.1250 CALL CREDIT SUISSE
       OFF CALL                     250000- 6383 5600001                                  250 000.00      304 000.00
24  7   6.1250 CALL CREDIT SUISSE
       OFF CALL                     304000- 7107 5600001                                  304 000.00            0.00
                                                                        -------------- --------------
       TRANSACT. & BALANCE                                               2 450 000.00   2 450 000.00            0.00
```

652

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

87 01 28 PAGE 5

4224 AH/SUB. A/C # 1
LEDGER
FROM 01 01 86 TO 31 12 86

ǁ 02937

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
526901	****** FID. DEPOSIT - CIBC GENEVA US$				
	TRANSACT. & BALANCE		0.00	0.00	0.00
550601	****** SECURITIES - R.N.B. US$				
	19 11 OUNCES - GOLD PURCHASE	100+ 8258 5600001	38 800.00		38 800.00
	12 12 OUNCES - GOLD SALE	100- 8374 5600001		39 025.00	
	12 12 OUNCES - GOLD GAIN	760601	225.00		0.00
			--------------	-------------	
	TRANSACT. & BALANCE		39 025.00	39 025.00	0.00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER US$				
	24 7 7.7500 PRUDENTIAL FUNDING CO. PURCHASE	154000+ 8005 5600001	153 037.50		
	24 7 7.5000 SASKATCHEWAN PURCHASE	150000+ 8006 5600001	147 937.50		300 975.00
	4 9 7.5000 SASKATCHEWAN SALE	150000- 8009 5600001		149 625.00	
	4 9 7.5000 SASKATCHEWAN GAIN	760801	1 687.50		153 037.50
	17 12 7.7500 PRUDENTIAL FUNDING CO. SALE	154000- 8325 5600001		157 657.50	
	17 12 7.7500 PRUDENTIAL FUNDING CO. GAIN	760801	4 620.00		0.00
	30 12 6.4375 CIBC CERTIFICATES DEPOSI PURCHASE	2127000+ 8475 5600001	2 127 000.00		2 127 000.00
			--------------	-------------	
	TRANSACT. & BALANCE	2127000+	2 434 282.50	307 282.50	2 127 000.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

224 AH/SUB A/C # 1 87 01 28 PAGE 6
LEDGER FROM 01 01 86 TO 31 12 86

N 02995

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
51401	****** SECURITITES - BEAR STEARNS US$				
12 11	CITIZENS FINANCIAL GROUP INC PURCHASE	1000+14100 5600001	37 838.03		37 838.03
17 12	CITIZENS FINANCIAL GROUP INC SALE	1000-14101 5600001		37 762.70	
17 12	CITIZENS FINANCIAL GROUP INC LOSS	761401		75.33	0.00
			--------------	-------------	
	TRANSACT. & BALANCE		37 838.03	37 838.03	0.00
51801	****** SECURITIES - MERRILL LYNCH US$				
	TRANSACT. & BALANCE		0.00	0.00	0.00
52212	****** SECURITIES - MORGAN STANLEY MFK				
25 11	POHJOLA (NEWS) B PURCHASE	2500+22026 5600012	212 678.56		212 678.56
22 12	POHJOLA (NEWS) B SALE	2500-22030 5600012		187 500.00	
22 12	POHJOLA (NEWS) B LOSS	762212		25 178.56	0.00
			--------------	-------------	
	TRANSACT. & BALANCE		212 678.56	212 678.56	0.00
52701	****** SECURITIES - STRAUSS TURNBULL US$				
16 6	12.8750 TEXACO CAPITAL INC PURCHASE	90000+27056 5600001	92 700.00		
16 6	14.7500 UNION CARBIDE PURCHASE	250000+27059 5600001	258 750.00		351 450.00
20 6	12.0000 GENERAL ELECTRIC PURCHASE	25000[illegible]27057 5600001	283 750.00		635 200.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

87 01 28 PAGE 7

4224 AH/SUB A/C # 1
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
552701	SECURITIES - STRAUSS TURNBULL (SUITE)			II 02999		
23 6	12.0000 AMERICAN SAVINGS INT'L N PURCHASE	750000+27058	5600001	791 250.00		1 426 450.00
1 7	8.1250 B.O.C. GROUP PLC PURCHASE	100000+27064	5600001	92 250.00		1 518 700.00
9 7	NEW ENGLAND LIFE MORTAGE PURCHASE	470000+27065	5600001	155 687.50		1 674 387.50
1 9	12.8750 TEXACO CAPITAL INC AMORT. BDS PREM.	7443	#27]TEXA		1 350.00	1 673 037.50
16 9	1.0870 S.N.C.F. PART PAID 15/9/ PURCHASE	50000+27076	5600001	6 750.00		1 679 787.50
15 12	14.7500 UNION CARBIDE SALE	250000- 8356	5600001		257 500.00	
15 12	14.7500 UNION CARBIDE LOSS		762701		1 250.00	1 421 037.50
19 12	12.0000 AMERICAN SAVINGS INT'L N SALE	750000-27082	5600001		790 312.50	
19 12	12.0000 AMERICAN SAVINGS INT'L N LOSS		762701		937.50	
19 12	12.8750 TEXACO CAPITAL INC SALE	90000-27083	5600001		91 350.00	
19 12	1.0870 S.N.C.F. PART PAID 15/9/ SALE	50000-27084	5600001		5 562.50	
19 12	1.0870 S.N.C.F. PART PAID 15/9/ LOSS		762701		1 187.50	
19 12	NEW ENGLAND LIFE MORTAGE SALE	470000-27085	5600001		156 275.00	
19 12	NEW ENGLAND LIFE MORTAGE GAIN		762701	587.50		
19 12	8.1250 B.O.C. GROUP PLC SALE	100000-27090	5600001		95 750.00	
19 12	8.1250 B.O.C. GROUP PLC GAIN		762701	3 500.00		
19 12	12.0000 GENERAL ELECTRIC SALE	250000-27096	5600001		286 875.00	
19 12	12.0000 GENERAL ELECTRIC GAIN		762701	3 125.00		0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4224      AH/SUB  A/C # 1                                                                         87 01 28  PAGE      8
          LEDGER                       FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                 DOC.NO CONTRA                          DEBIT         CREDIT         BALANCE

52701   SECURITIES - STRAUSS TURNBULL                 (SUITE)
                                                                             # 0[illegible]00
                                                                     -------------- --------------
      TRANSACT. & BALANCE                                              1 688 350.00   1 688 350.00            0.00

600001    ****** CASH ACCOUNT                         US$

 5  3  6.1250 CALL CREDIT SUISSE
      ON CALL                  2000000-  5288 66J000K                                2 000 000.00   2 000 000.00-
 6  3 NEW FUNDS                          5279 100001                 1 990 000.00                      10 000.00-
13  3 CALL INT.                          5358 772201                     3 055.56                       6 944.44-
10  4  6.1250 CALL CREDIT SUISSE
      OFF CALL                  250000+  6022 66J000K                  250 000.00                     243 055.56
14  4 CALL INT.                          6049 772201                    11 593.75
14  4  6.1250 CALL CREDIT SUISSE
      OFF CALL                  200000+  6032 66J000K                  200 000.00                     454 649.31
16  4 CALL INT.                          6084 772201                       570.48                     455 219.79
22  4  6.1250 CALL CREDIT SUISSE
      ON CALL                   450000-  6074 66J000K                                  450 000.00
22  4 CALL INT.                          6116 772201                     1 550.00                       6 769.79
21  5 TR. FROM GULF                      6218 100001                    10 000.00                      16 769.79
 9  6 INTEREST                           6309 772201                    16 000.00                      32 769.79
16  6 12.8750 TEXACO CAPITAL INC
      PURCHASE                   90000-27056 27JTEXA                                    92 700.00
16  6 12.8750 TEXACO CAPITAL INC
      ACCRUED INT                90000-27056 27JTEXA                                     9 173.44
16  6 14.7500 UNION CARBIDE
      PURCHASE                  250000-27059 27JUNCA                                   258 750.00
16  6 14.7500 UNION CARBIDE
      ACCRUED INT               250000-27059 27JUNCA                                     4 609.37
16  6 CALL INT.                          6384 772201                     2 333.32                     330 129.70-
18  6 CALL INT.                          6385 772201                       666.66                     329 463.04-
20  6  6.1250 CALL CREDIT SUISSE
      OFF CALL                  634000+  6361 66J000K                  634 000.00
20  6 12.0000 GENERAL ELECTRIC
      PURCHASE                  250000-27057 27JGE                                     283 750.00
20  6 12.0000 GENERAL ELECTRIC
```

CSF INVESTMENTS LTD.

4224 AH/SUB. A/C # 1
LEDGER
FROM 01 01 86 TO 31 12 86

87 01 28 PAGE 9

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE) II 03001			
	ACCRUED INT	250000-27057 27JGE		17 916.67	
20 6	CALL INT.	6386 772201	666.66		3 536.95
23 6	12.0000 AMERICAN SAVINGS INT'L N				
	PURCHASE	750000-27058 27JAMSA		791 250.00	
23 6	12.0000 AMERICAN SAVINGS INT'L N				
	ACCRUED AINT	750000-27058 27JAMSA		20 500.00	
23 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	812000+ 6374 68J000K	812 000.00		3 786.95
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	250000+ 6383 66J000K	250 000.00		
24 6	CALL INT.	6414 772201	683.00		
24 6	CALL INT.	6414 772201	92.33		254 562.28
1 7	8.1250 B.O.C. GROUP PLC				
	PURCHASE	100000-27064 27JBOC		92 250.00	
1 7	8.1250 B.O.C. GROUP PLC				
	ACCRUED INT.	100000-27064 27JBOC		1 060.77	161 251.51
7 7	MGT FEES 2ND QUARTER 1986	7001 101001		2 481.98	158 769.53
9 7	NEW ENGLAND LIFE MORTAGE				
	PURCHASE	470000-27065 27JNEWE		155 687.50	3 082.03
16 7	CALL INTEREST	7084 772201	1 114.67		4 196.70
17 7	CALL INTEREST	7092 772201	47.50		4 244.20
22 7	CALL INTEREST	7118 772201	209.55		4 453.75
24 7	7.7500 PRUDENTIAL FUNDING CO.				
	PURCHASE	154000- 8005 08JPRU		153 037.50	
24 7	7.7500 PRUDENTIAL FUNDING CO.				
	ACCRUED INTEREST	154000- 8005 08JPRU		66.30	
24 7	7.5000 SASKATCHEWAN				
	PURCHASE	150000- 8006 08JSASK		147 937.50	
24 7	6.1250 CALL CREDIT SUISSE				
	OFF CALL	304000+ 7107 66J000K	304 000.00		
24 7	CALL INTEREST	7132 772201	95.00		7 507.45
1 9	12.8750 TEXACO CAPITAL INC				
	CREDIT INTEREST	90000+ 7443 27JTEXA	11 587.50		19 094.9
4 9	7.5000 SASKATCHEWAN				
	SALE	150000+ 8009 08JSASK	149 625.00		
4 9	7.5000 SASKATCHEWAN				

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

.224 AH/SUB. A/C # 1 87 01 28 PAGE 10
LEDGER FROM 01 01 86 TO 31 12 86

03002

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT	(SUITE)				
	ACCRUED INTEREST	150000+ 8009 08]SASK		1 250.00		169 969.95
5 9	7.0000 COSFIN BV					
	INVESTMENT	50000- 3519 74]COS5			50 000.00	
5 9	6.3125 R.N.B 20/10/86					
	FIDUCIARY DEPOSIT	100000- 8018 61]293A			100 000.00	19 969.95
12 9	5.2500 RNB NEW YORK CALL					
	ON CALL	10000- 7438 61]]600			10 000.00	9 969.95
16 9	1.0870 S.N.C.F. PART PAID 15/9/					
	PURCHASE	50000-27076 27]SNCF			6 750.00	
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	ACCRUED INTEREST	50000-27076 77]SNCF			1.51	3 218.44
7 10	CALL INTEREST	8029 772201		25.89		3 244.33
15 10	MGT FEES 3RD QUARTER 1986	8001 101001			3 744.75	500.42-
20 10	6.3125 R.N.B. 20/10/86					
	REDEMPTION	100000+ 8040 61]293A		100 000.00		
20 10	INTEREST	8040 772201		778.25		
20 10	R.N.B. 20.11.86					
	FIDUCIARY DEPOSIT	100000- 8041 61]324B			100 000.00	277.83
3 11	CALL INTEREST	8193 772201		44.59		322.42
6 11	5.8750 CONTINENTAL BANK 08.12.8					
	FIDUCIARY DEPOSIT	14000- 8107 56]342A			14 000.00	13 677.58-
7 11	INTEREST COS5 5/9-31/10/86	4203 772301		536.99		13 140.59-
10 11	5.2500 RNB NEW YORK CALL					
	OFF CALL	10000+ 8199 61]]600		10 000.00		3 140.59-
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	1000-14100 14CITN			37 838.03	40 978.62-
15 11	12.0000 GENERAL ELECTRIC					
	INTEREST	250000+ 8171 27]GE		30 000.00		10 978.62-
19 11	OUNCES - GOLD					
	PURCHASE	100- 8258 06ZPDGL			38 800.00	49 778.62-
20 11	R.N.B. 20.11.86					
	REDEMPTION	100000+ 8174 61]324B		100 000.00		
20 11	INTEREST	8174 772201		488.35		50 709.73
25 11	MKF/US$ AT 20.455	22026 101001	212 678.56-		43 503.40	7 206.33
28 11	DEPOSIT CIBC 5.375%	8056 570001			200 000.00	192 793.67-
8 12	5.8750 CONTINENTAL BANK 08.12.8					

03003

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

87 01 28 PAGE 11

4224 AM/SUB. A/C # 1
LEDGER
FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
	REDEMPTION	14000+ 8268 56J342A	14 000.00		
8 12	INTEREST	8268 772201	73.11		
8 12	6.2500 CONTINENTAL BANK 08.01.8				
	FIDUCIARY DEPOSIT	14000- 8269 56J008A		14 000.00	192 720.56-
11 12	7.0000 COSFIN BV				
	REDEMPTION	50000+ 4436 74JCOS5	50 000.00		
11 12	JCOS5 INT FROM 1/11/86	4436 772301	393.15		142 327.41-
12 12	OUNCES - GOLD				
	SALE	100+ 8374 06ZPDGL	39 025.00		103 302.41-
15 12	6.2500 CONTINENTAL BANK 08.01.8				
	REDEMPTION	14000+ 8327 56J008A	14 000.00		
15 12	INTEREST	8327 772201	17.01		
15 12	14.7500 UNION CARBIDE				
	SALE	250000+ 8356 27JUNCA	257 500.00		
15 12	14.7500 UNION CARBIDE				
	CREDIT INTEREST	250000+ 8356 27JUNCA	23 354.17		191 568.77
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	SALE	154000+ 8325 08JPRU	157 657.50		
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	CREDIT INTEREST	154000+ 8325 08JPRU	4 807.15		
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	1000+14101 14CITN	37 762.70		391 796.12
19 12	12.0000 AMERICAN SAVINGS INT'L N				
	SALE	750000+27082 27JAMSA	790 312.50		
19 12	12.0000 AMERICAN SAVINGS INT'L N				
	CREDIT INTEREST	750000+27082 27JAMSA	64 500.00		
19 12	12.8750 TEXACO CAPITAL INC				
	SALE	90000+27083 27JTEXA	91 350.00		
19 12	12.8750 TEXACO CAPITAL INC				
	CREDIT INTEREST	90000+27083 27JTEXA	3 476.25		
19 12	1.0870 S.N.C.F. PART.PAID 15/97				
	SALE	50000+27084 27JSNCF	5 562.50		
19 12	1.0870 S.N.C.F. PART.PAID 15/97				
	CREDIT INTEREST	50000+27084 27JSNCF	141.98		
19 12	NEW ENGLAND LIFE MORTAGE				
	SALE	470000+27085 27JNEWE	156 275.00		

```
                                                                                      CSF INVESTMENTS LTD.
                                                                                        HAMILTON BERMUDA
4224     AH/SUB. A/C # 1                                                            87 01 28  PAGE      12
         LEDGER                     FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                        DEBIT          CREDIT       BALANCE

600001  CASH ACCOUNT                                  (SUITE)
19 12  8.1250 B.O.C. GROUP PLC
     SALE                      100000+27090 27JBOC                         95 750.00
19 12  8.1250 B.O.C. GROUP PLC                                                              # 03004
     CREDIT INTEREST           100000+27090 27JBOC                          4 852.43
19 12 12.0000 GENERAL ELECTRIC
     SALE                      250000+27096 27JGE                         286 875.00
19 12 12.0000 GENERAL ELECTRIC
     CREDIT INTEREST           250000+27096 27JGE                           2 833.33                  1 893 725.11
23 12 MKF/US$ AT 4.909                    8418 101001     187 500.00+      38 195.15
23 12 MGT FEES 4TH QUARTER 86             8428 101001                                     3 711.21    1 928 209.05
30 12  6.4375 CIBC CERTIFICATES DEPOSI
     PURCHASE                 2127000-  8475 08JCD                                   2 127 000.00
30 12 RBT DEPOSIT CIBC GENEVA             8480 570001                     200 942.96
30 12 ADJ. ON INT.                        8480 570001                                         0.50        2 151.51
                                                                      -------------- --------------
     TRANSACT. & BALANCE      1637000-                     25 178.56-  7 232 671.94  7 230 520.43       2 151.51

600012   ****** CASH ACCOUNT                          MFK

25 11 MKF/US$ AT 20.455                  22026 101012      43 503.40+     212 678.56
25 11 POHJOLA  (NEWS) B
     PURCHASE                     2500-22026 22POHJ                                    212 678.56           0.00
22 12 POHJOLA  (NEWS) B
     SALE                         2500+22030 22POHJ                       187 500.00                  187 500.00
23 12 MKF/US$ AT 4.909                    8418 101012      38 195.15-                  187 500.00           0.00
                                                                      -------------- --------------
     TRANSACT. & BALANCE                                    5 308.25+     400 178.56    400 178.56          0.00

70001    ****** BLOCKED DEPOSIT ACCOUNT               US$

28 11 DEPOSIT CIBC 5.375%                 8056 5600001                    200 000.00                  200 000.00
30 12 INT. CIBC 5.375% FM 28.11. TO 30.   8480 772201                         942.46
30 12 RBT DEPOSIT CIBC GENEVA             8480 5600001                                 200 942.96
30 12 ADJ. ON INT.                        8480 5600001                          0.50                        0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

87 01 28 PAGE 13

4224 AH/SUB. A/C # 1
LEDGER

FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
570001	BLOCKED DEPOSIT ACCOUNT	(SUITE)			
	TRANSACT. & BALANCE		200 942 96	200 942 96	0 00

03005

```
.224     AH/SUB  A/C # 1                                                     87 01 28  PAGE   14
         LEDGER                     FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION              DOC NO CONTRA          DEBIT        CREDIT      BALANCE

         ****** CHARGES                           US$
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4224     AH/SUB  A/C # 1                                                         87 01 28  PAGE      15
         LEDGER                         FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                       DEBIT        CREDIT       BALANCE

7          CHARGES                                   (SUITE)

7           ###### INCOME                             US$
                                                                                          # 03007

760601     ###### REAL  GAINS/LOSSES - R.N.B.         US$

 12 12 OUNCES - GOLD
       GAIN                              06ZPDGL                                       225 00        225 00-
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                                  0 00       225 00        225 00-

760801     ###### REAL  GAINS/LOSSES - CTBC           US$

  4  9  7.5000 SASKATCHEWAN
       GAIN                              08JSASK                                     1 687.50      1 687 50-
 17 12  7.7500 PRUDENTIAL FUNDING CO
       GAIN                              08JPRU                                      4 620 00      6 307 50-
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                                  0 00     6 307 50      6 307 50-

761401     ###### REAL  GAINS/LOSSES - BEAR STEARNS   US$

 17 12 CITIZENS FINANCIAL GROUP INC
       LOSS                              [illegible]                       75 33                     75 33
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                                 75.33         0.00         75 33

762212     ###### REAL  GAINS/LOSSES - MORGAN STANLEY MFK

 22 12 POHJOLA  (NEWS) B
       LOSS                              22POHJ                         25 178 56                 25 178 56
                                                                          -------------- --------------
       TRANSACT  & BALANCE                                              25 178 56         0 00     25 178 56
```

663

```
                                                                                      CSF INVESTMENTS LTD.
                                                                                        HAMILTON BERMUDA
                                                                                   87 01 28   PAGE      16
4224     AM/SUB  A/C # 1
         LEDGER                          FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT        CREDIT       BALANCE
                                                                                     N 03008
62401    ****** REAL  GAINS/LOSSES - BEAR STEARNS    US$

      TRANSACT  & BALANCE                                                    0.00          0.00          0.00

62701    ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$

15 12 14.7500 UNION CARBIDE
      LOSS                                     27JUNCA                   1 250.00                    1 250.00
19 12 12.0000 AMERICAN SAVINGS INT'L N
      LOSS                                     27JAMSA                     937.50
19 12  1.0870 S.N.C.F. PART PAID 15/9/
      LOSS                                     27JSNCF                   1 187.50
19 12         NEW ENGLAND LIFE MORTAGE
      GAIN                                     27JNEWE                                 587.50
19 12  8.1250 B.O.C. GROUP PLC
      GAIN                                     27JBOC                                3 500.00
19 12 12.0000 GENERAL ELECTRIC                                                       3 125.00     3 837.50-
      GAIN                                     27JGE
                                                                      ------------- -------------
                                                                         3 375.00    7 212.50     3 837.50-
      TRANSACT. & BALANCE

71101    ****** INTEREST EARNED ON BONDS              US$

16  6 12.8750 TEXACO CAPITAL INC
      ACCRUED INT               90000+27056 5600001                      9 173.44
16  6 14.7500 UNION CARBIDE
      ACCRUED INT              250000+27059 5600001                      4 609.37                   13 782.81
20  6 12.0000 GENERAL ELECTRIC
      ACCRUED INT              250000+27057 5600001                     17 916.67                   31 699.48
23  6 12.0000 AMERICAN SAVINGS INT'L N
      ACCRUED AINT             750000+27058 5600001                     20 500.00                   52 199.48
 1  7  8.1250 B.O.C. GROUP PLC
      ACCRUED INT.             100000+27064 5600001                      1 060.77                   53 260.25
24  7  7.7500 PRUDENTIAL FUNDING CO.
      ACCRUED INTEREST         15400' 8005 5600001                          66.30                   53 326.55
```

```
                                                                                        CSF INVESTMENTS LTD.
                                                                                   87 01 28  PAGE       17
4224    AH/SUB. A/C # 1
        LEDGER                              FROM 01 01 86 TO 31 12 86

A/C.   NAME & DESCRIPTION                     DOC.NO CONTRA                   DEBIT          CREDIT        BALANCE

771101   INTEREST EARNED ON BONDS                        (SUITE)                             # 03009
 1  9 12.8750 TEXACO CAPITAL INC
       AMORT. BDS PREM.                       7443 0                       1 350.00
 1  9 12.8750 TEXACO CAPITAL INC
       CREDIT INTEREST             90000- 7443 5600001                                 11 587.50      43 089.05
 4  9  7.5000 SASKATCHEWAN
       ACCRUED INTEREST           150000- 8009 5600001                                  1 250.00      41 839.05
16  9  1.0870 S.N.C.F. PART.PAID 15/97
       ACCRUED INTEREST            50000+27076 5600001                          1.51                  41 840.56
15 11 12.0000 GENERAL ELECTRIC
       INTEREST                   250000- 8171 5600001                                 30 000.00      11 840.56
15 12 14.7500 UNION CARBIDE
       CREDIT INTEREST            250000- 8356 5600001                                 23 354.17      11 513.61-
17 12  7.7500 PRUDENTIAL FUNDING CO.
       CREDIT INTEREST            154000- 8325 5600001                                  4 807.15      16 320.76-
19 12 12.0000 AMERICAN SAVINGS INT'L N
       CREDIT INTEREST            750000-27082 5600001                                 64 500.00
19 12 12.8750 TEXACO CAPITAL INC
       CREDIT INTEREST             90000-27083 5600001                                  3 476.25
19 12  1.0870 S.N.C.F. PART.PAID 15/97
       CREDIT INTEREST             50000-27084 5600001                                    141.98
19 12  8.1250 B.O.C. GROUP PLC
       CREDIT INTEREST            100000-27090 5600001                                  4 852.43
19 12 12.0000 GENERAL ELECTRIC
       CREDIT INTEREST            250000-27096 5600001                                  2 833.33      92 124.75-
                                                                       --------------- ---------------
       TRANSACT. & BALANCE        490000-                                 56 678.06     146 802.81      92 124.75-

771212     ###### DIVIDENDS                              MFX

       TRANSACT. & BALANCE                                                     0.00           0.00           0.00
```

.224 AH/SUB. A/C # 1
LEDGER FROM 01 01 86 TO 31 12 86

03010

/C NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
72201 ****** INTEREST EARNED ON FTD	US$			
3 3 CALL INT	5358 5600001		3 055.56	3 055.56-
14 4 CALL INT	6049 5600001		11 593.75	14 649.31-
16 4 CALL INT.	6084 5600001		570.48	15 219.79-
2 4 CALL INT.	6116 5600001		1 550.00	16 769.79-
9 6 INTEREST	6309 5600001		16 000.00	32 769.79-
16 6 CALL INT	6384 5600001		2 333.32	35 103.11-
18 6 CALL INT.	6385 5600001		666.66	35 769.77-
20 6 CALL INT.	6386 5600001		666.66	36 436.43-
24 6 CALL INT.	6414 5600001		683.00	
24 6 CALL INT.	6414 5600001		92.33	37 211.76-
16 7 CALL INTEREST	7084 5600001		1 114.67	38 326.43-
17 7 CALL INTEREST	7092 5600001		47.50	38 373.93-
22 7 CALL INTEREST	7118 5600001		209.55	38 583.48-
24 7 CALL INTEREST	7132 5600001		95.00	38 678.48-
7 10 CALL INTEREST	8029 5600001		25.89	38 704.37-
20 10 INTEREST	8040 5600001		778.25	39 482.62-
3 11 CALL INTEREST	8193 5600001		44.59	39 527.21-
20 11 INTEREST	8174 5600001		488.35	40 015.56-
8 12 INTEREST	8268 5600001		73.11	40 088.67-
15 12 INTEREST	8327 5600001		17.01	40 105.68-
30 12 INT. CIBC 5.375% FM 28.11. TO 30.	8480 570001		942.46	41 048.14-
TRANSACT. & BALANCE		0.00	41 048.14	41 048.14-
72301 ****** INCOME ON INVESTMENTS	US$			
7 11 INTEREST COSS 5/9-31/10/86	4203 5600001		536.99	536.99-
11 12 JCOSS INT FROM 1/11/86	4436 5600001		393.15	930.14-
TRANSACT. & BALANCE		0.00	930.14	930.14-

CSF INVESTMENTS LTD.

```
                                                                          87 01 28  PAGE     19
4224      AH/SUB. A/C # 1
          LEDGER                        FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                 DEBIT        CREDIT        BALANCE

                                                                                 N 03011
800          ****** DEBTOR BY GUARANTEE                 US$

800001       ****** FORWAY DEBTOR GUARANTY              US$

 28 11 GUARANTY ISSUED                    8056 801001              200 000.00                  200 000.00
 30 12 GUARANTY CANCELLED                 8480 801001                           200 000.00           0.00
                                                               -------------- -------------
       TRANSACT. & BALANCE                                         200 000.00   200 000.00           0.00

801          ****** GUARANTEE FURNISHED                 US$

801001       ****** CIBC GUARANTY FURNISHED             US$

 28 11 GUARANTY ISSUED                    8056 800001                           200 000.00     200 000.00-
 30 12 GUARANTY CANCELLED                 8480 800001              200 000.00                        0.00
                                                               -------------- -------------
       TRANSACT. & BALANCE                                         200 000.00   200 000.00           0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
                                                                                      87 01 28  PAGE      20
4224     AH/SUB  A/C # 1
         LEDGER                              FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT          CREDIT        BALANCE
                                                                                              H 03012

9          ■■■■■■ TRANSIT ACCOUNTS                   US$

                                                                     ■■■■■■■■■■■■■■■ ■■■■■■■■■■■■■■■
               GRAND TOTALS                                          15 708 215.84 15 708 215.84              0.00

                                                                     ■■■■■■■■■■■■■■■ ■■■■■■■■■■■■■■■
```

```
4230     AH/SUB  A/C # 2                                                                      87 05 29  PAGE      1
         LEDGER                    FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                    DOC NO CONTRA                          DEBIT          CREDIT        BALANCE

         TRANSIT ACCOUNTS                                 (SUITE)

         ****** CAPITAL                                   US$
                                                                                                      # 03013

00001    ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS         US$

  1  1 BROUGHT FORWARD                                                                     2 000 000 00   2 000 000.00-
  2  1 TRANSFER                                   101001                     2 000 000 00                          0.00
                                                                             -------------- -------------
       TRANSACT  & BALANCE                                                   2 000 000.00  2 000 000 00            0.00

01001    ****** CAPITAL INVESTED                          US$

  1  1 BROUGHT FORWARD         390000-                        78 557 14+        23 673 23
  1  1 1986 P/L  NET BALANCE                                                                  75 582 53       51 909.30-
  2  1 TRANSFER                                   100001                                   2 000 000.00    2 051 909.30-
 30  1 MGT FEES 4TH GAURTER 1986           5001 5600001                          3 796 16                  2 048 113.14-
 21  4 MGT FEES 1ST QUARTER 1987           6001 5600001                          1 282 91                  2 046 830.23-
                                                                             -------------- -------------
       TRANSACT  & BALANCE     390000-                        78 557.14+        28 752 30  2 075 582.53    2 046 830.23-

01012    ****** CAPITAL INVESTED                          MFK

  1  1 BROUGHT FORWARD                                        16 561 74-                       78 557.14
  1  1 1986 P/L  NET BALANCE                                                    78 557.14                          0.00
                                                                             -------------- -------------
       TRANSACT  & BALANCE                                    16 561 74-        78 557.14      78 557.14           0.00
```

LEDGER FROM 01 01 87 TO 30 06 87

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE

```
4230     AH/SUB  A/C # 2                                                          87 05 29  PAGE      3
         LEDGER                        FROM 01 01 87 TO 30 06 87

 A/C   NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT         CREDIT       BALANCE

5          ###### ASSETS & LIABILITIES                  US$

515301     ###### LOANS RECEIVABLE                      US$

       TRANSACT  & BALANCE                                                     0 00           0 00           0 00

525601     ###### FID  DEPOSIT - CONTINENTAL BANK       US$

       TRANSACT  & BALANCE                                                     0 00           0 00           0 00

526101     ###### FID  DEPOSIT - R N B                  US$

       TRANSACT  & BALANCE                                                     0 00           0 00           0 00

526601     ###### FID  DEPOSIT - CREDIT SUISSE          US$

       TRANSACT  & BALANCE                                                     0 00           0 00           0 00

550601     ###### SECURITIES - R N B                    US$

       TRANSACT  & BALANCE                                                     0 00           0 00           0 00

550801     ###### SECURITIES - CAN  IMP  BK OF COMMER US$

  1  1 BROUGHT FORWARD            2037000+                             2 037 000 00                2 037 000 00
  8  1
       SALE                       2037000- 8475 5600001                              2 037 000 00
  8  1
       INTEREST TO 30 03 87 AT 0 437       8475 5600001                                  2 005 17
  8  1
       REVERSAL                            8475 5600001                    2 005 17                        0 00
                                                                    -------------- --------------
       TRANSACT  & BALANCE                                           2 039 005 17   2 039 005 17           0 00
```

```
4230      AH/SUB  A/C # 2                                                                      87 05 29  PAGE      4
          LEDGER                    FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

51801     ###### SECURITIES - MERRILL LYNCH           US$
                                                                          N 03016
 8  1  6 0000 EURO-CD TORONTO DOMINION
      PURCHASE                2030000+18001 5600001                2 030 000 00                   2 030 000 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
      REDEMPTION              2030000-18002 5600001                               2 030 000 00
 8  4  6 2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT       2060450+18003 5600001                2 060 450 00                   2 060 450 00
 8  5  6 8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT       2071181+18005 5600001                2 071 181 00
 8  5  6 2500 MERRILL LYNCH 8/5/87
      REDEMPTION              2060450-18004 5600001                               2 060 450 00  2 071 181 00
                                                                 -------------- --------------
      TRANSACT  & BALANCE     2071181+                             6 161 631 00  4 090 450 00  2 071 181 00

52212     ###### SECURITIES - MORGAN STANLEY          MFK

      TRANSACT  & BALANCE                                                  0 00          0 00           0 00

52701     ###### SECURITIES - STRAUSS TURNBULL        US$

      TRANSACT  & BALANCE                                                  0 00          0 00           0 00

56601     ###### FID  DEPOSIT - CREDIT SUISSE         US$

      TRANSACT  & BALANCE                                                  0 00          0 00           0 00

600001    ###### CASH ACCOUNT                         US$

 1  1 BROUGHT FORWARD           143000+                 78 557 14-     14 909 30                      14 909 30
 8  1
      SALE                      2037000+ 8475 08JCD                 2 037 000 00
 8  1
      INTEREST FM 30 1286 TO 08 01      8475 08JCD                      3 278 29
 8  1
```

```
                                                                                   87 05 29  PAGE      5
 4230     AH/SUB  A/C # 2
          LEDGER                 FROM 01 01 87 TO 30 06 87
                                                                          DEBIT        CREDIT       BALANCE
 A/C   NAME & DESCRIPTION                DOC NO CONTRA

5600001  CASH ACCOUNT                          (SUITE)
       INTEREST TO 30 03 87 AT 0 437     8475 083CD                      2 005 17
  8  1  6 0000 EURO-CD TORONTO DOMINION                                               2 030 000 00
       PURCHASE                       2030000-18001 183CDTO
  8  1                                                                                    2 005 17
       REVERSAL                          8475 083CD
  8  1                                                                                              27 192 76
       INTEREST TO 30 03 87 AT 0. 43     8475 083CD                      2 005 17
 30  1 MGT FEES 4TH GAURTER 1986         5001 101001                                      3 796 16  23 396 60
  8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION                     2030000+18002 183CDTO          2 030 000 00
  8  4  6 0000 EURO-CD TORONTO DOMINION
       INTEREST                       2030000+18002 183CDTO             30 450 00
  8  4  6 2500 MERRILL LYNCH 8/5/87                                                   2 060 450 00  23 396 60
       FIDUCIARY DEPOSIT              2060450-18003 183128A                                1 282 91  22 113 69
 21  4 MGT FEES 1ST QUARTER 1987         6001 101001
  8  5  6 8750 MERRILL LYNCH 8/7/87                                                   2 071 181 00
       FIDUCIARY DEPOSIT              2071181-18005 183189A
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                     2060450+18004 183128A          2 060 450 00
  8  5 CREDIT INTEREST                2060450+18004 772201              10 731 52                  22 114 21
                                                                    -------------- --------------
       TRANSACT  & BALANCE        4199269+               78 557 14-  6 190 829 45  6 168 715 24  22 114 21

 5600012   ###### CASH ACCOUNT                     MFK
                                                                             0 00          0 00        0 00
       TRANSACT  & BALANCE

 570001    ###### BLOCKED DEPOSIT ACCOUNT          US$
                                                                             0 00          0 00        0 00
       TRANSACT  & BALANCE
```

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE

H 03018

```
4230     AH/SUB  A/C # 2                                                              87 05 29  PAGE      7
         LEDGER                         FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT        CREDIT      BALANCE

6          ****** CHARGES                            US$

673701     ****** BANK CHARGES                       US$
        TRANSACT  & BALANCE                                                  0 00         0 00          0 00
```

H 05019

```
4230     AH/SUB  A/C # 2                                                                87 05 29  PAGE      8
         LEDGER                      FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                DOC NO CONTRA                          DEBIT        CREDIT       BALANCE
                                                                                          II 03020
         ****** INCOME                                  US$

60601    ****** REAL  GAINS/LOSSES - R N B              US$

       TRANSACT  & BALANCE                                                       0 00         0 00          0 00
60801    ****** REAL  GAINS/LOSSES - CIBC               US$

       TRANSACT  & BALANCE                                                       0 00         0 00          0 00
62212    ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT  & BALANCE                                                       0 00         0 00          0 00
62701    ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$

       TRANSACT  & BALANCE                                                       0 00         0 00          0 00
71101    ****** INTEREST EARNED ON BONDS                US$

  8  1
       INTEREST FM 30 1286 TO 08 01       8475 5600001                                     3 278 29
  8  1
       INTEREST TO 30 03 87 AT 0. 43      8475 5600001                                     2 005 17      5 283 46-
  8  4  6 0000 EURO-CD TORONTO DOMINION
       INTEREST                    2030000-18002 5600001                                  30 450 00     35 733 46-
                                                                            -------------- --------------
       TRANSACT  & BALANCE         2030000-                                      0 00     35 733 46     35 733 46-
```

```
4230      AH/SUB  A/C # 2                                                              87 05 29  PAGE      9
          LEDGER                       FROM 01 01 87 TO 30 06 87

A/C     NAME & DESCRIPTION                  DOC NO CONTRA                        DEBIT        CREDIT       BALANCE

771212     ****** DIVIDENDS                                      MFK
         TRANSACT  & BALANCE                                                      0 00          0 00          0 00

772201     ****** INTEREST EARNED ON FTD                         US$
  8  5 CREDIT INTEREST           2060450-18004 5600001                                     10 731 52     10 731 52
                                                                           -------------- -------------
         TRANSACT  & BALANCE       2060450-                                       0 00     10 731 52     10 731 52

80         ****** CONTINGENT LIABILITIES                         US$

800        ****** DEBTOR BY GUARANTEE                            US$

800001     ****** REPUBLIC NATIONAL BANK, LUXEMBOURG  US$
         TRANSACT  & BALANCE                                                      0 00          0 00          0 00

801        ****** GUARANTEE FURNISHED                            US$

801001     ****** RAINBOW STAR (USA)                             US$
         TRANSACT  & BALANCE                                                      0 00          0 00          0 00
```

```
4230     AH/SUB  A/C # 2                                                       87 05 29  PAGE     10
         LEDGER                   FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION              DOC NO CONTRA                       DEBIT        CREDIT      BALANCE

9         ****** TRANSIT ACCOUNTS              US$

                                                             ************** **************
             GRAND TOTALS                                    16 498 775 06 16 498 775 06_____      0 00
                                                             ************** **************
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4230     AH/SUB  A/C # 2                                                                         87 01 28  PAGE        1
         LEDGER                       FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                        DEBIT          CREDIT        BALANCE

?       TRANSIT ACCOUNTS                                (SUITE)
                                                                                            N 03093
         ****** CAPITAL                                 US$


100001   ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS     US$

 20  6 NEW FUNDS                             6332 5600001                                2 000 000.00   2 000 000.00-

                                                                          -------------- --------------
      TRANSACT  & BALANCE                                                           0.00 2 000 000.00   2 000 000.00-

101001   ****** CAPITAL INVESTED                        US$

 30  7  6.1250 CALL CREDIT SUISSE
        ADJ  QTY                390000-      663000K                                0.00                        0.00
 15 10 MGT FEES 3RD QUARTER 1986            8001 5600001                         3 759.98                    3 759.98
 25 11 MKF/US$ AT 20.455                   22026 5600001    663 557.14+      135 730.61                  139 490.59
 23 12 MKF/US$ AT 4.909                     8418 5600001    585 000.00-                      119 168.87
 23 12 MGT FEES 4TH QUARTER 86              8428 5600001                         3 351.51                   23 673.23

                                                                          -------------- --------------
      TRANSACT  & BALANCE       390000-                      78 557.14+      142 842.10      119 168.87     23 673.23

101012   ****** CAPITAL INVESTED                        MFK

 25 11 MKF/US$ AT 20.455                   22026 5600012    135 730.61-                      663 557.14    663 557.14-
 23 12 MKF/US$ AT 4.909                     8418 5600012    119 168.87+      585 000.00                     78 557.14-

                                                                          -------------- --------------
      TRANSACT  & BALANCE                                    16 561.74-      585 000.00      663 557.14     78 557.14-
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 AH/SUB. A/C # 2
LEDGER
FROM 01 01 86 TO 31 12 86
87 01 28 PAGE 2

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE

H 03024

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4230     AH/SUB. A/C # 2                                                                         87 01 28  PAGE       3
         LEDGER                         FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                    DOC.NO CONTRA                         DEBIT          CREDIT       BALANCE

5            ###### ASSETS & LIABILITIES                  US$

                                                                                             # 03025

515301       ###### LOANS RECEIVABLE                      US$

       TRANSACT. & BALANCE                                                         0.00            0.00          0.00

525601       ###### FID. DEPOSIT - CONTINENTAL BANK       US$

  6 11  5.8750 CONTINENTAL BANK 08.12.8
       FIDUCIARY DEPOSIT             152000+ 8107 5600001                    152 000.00                    152 000.00
  8 12  5.8750 CONTINENTAL BANK 08.12.8
       REDEMPTION                    152000- 8268 5600001                                  152 000.00
  8 12  6.2500 CONTINENTAL BANK 08.01.8
       FIDUCIARY DEPOSIT             154044+ 8269 5600001                    154 044.44                    154 044.44
 15 12  6.2500 CONTINENTAL BANK 08.01.8
       REDEMPTION                    154044- 8327 5600001                                  154 044.44          0.00

                                                                         -------------- -------------
       TRANSACT. & BALANCE                                                   306 044.44    306 044.44          0.00

526101       ###### FID. DEPOSIT - R.N.B.                 US$

 20 11          R.N.B. 22.12.86
       FIDUCIARY DEPOSIT             500000+ 8200 5600001                    500 000.00
 20 11          R.N.B. 22.12.86
       REVERSAL                      500000- 8200 5600001                                  500 000.00
 20 11          R.N.B. 22.12.86
       FIDUCIARY DEPOSIT             502441+ 8200 5600001                    502 441.78                    502 441.78
 15 12          R.N.B. 22.12.86
       REDEMPTION                    502441- 8330 5600001                                  502 441.78          0.00

                                                                         -------------- -------------
       TRANSACT. & BALANCE                                                 1 002 441.78  1 002 441.78          0.00
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4230     AH/SUB. A/C # 2                                                                  87 01 28  PAGE      4
         LEDGER                    FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                     DEBIT           CREDIT        BALANCE

26601    ****** FID. DEPOSIT - CREDIT SUISSE        US$                                 II 03026

18  6  6.1250 CALL CREDIT SUISSE
      ON CALL                      2000000+ 6339 5600001               2 000 000.00                    2 000 000.00
24  7  6.1250 CALL CREDIT SUISSE
      OFF CALL                      950000- 7107 5600001                               950 000.00   1 050 000.00
30  7  6.1250 CALL CREDIT SUISSE
      ADJ. QTY                      390000+      101001                        0.00
30  7  6.1250 CALL CREDIT SUISSE
      ON CALL                               7125 5600001                 390 000.00                 1 440 000.00
 5  9  6.1875 CREDIT SUISSE 05.11.86
      FIDUCIARY DEPOSIT             140000+ 8017 5600001                 140 000.00                 1 580 000.00
24  9  6.1250 CALL CREDIT SUISSE
      OFF CALL                      700000- 7416 5600001                               700 000.00     880 000.00
 5 11  6.1875 CREDIT SUISSE 05.11.86
      REDEMPTION                    140000- 8102 5600001                               140 000.00     740 000.00
12 11  6.1250 CALL CREDIT SUISSE
      OFF CALL                      740000- 8151 5600001                               740 000.00           0.00

                                                                      -------------- -------------
      TRANSACT. & BALANCE                                              2 530 000.00  2 530 000.00           0.00

50601    ****** SECURITIES - R.N.B.                 US$

21 11 OUNCES - GOLD
      PURCHASE                         250+ 8258 5600001                  96 250.00                     96 250.00
12 12 OUNCES - GOLD
      SALE                             250- 8374 5600001                                97 562.50
12 12 OUNCES - GOLD
      GAIN                                       760601                    1 312.50                          0.00

                                                                      -------------- -------------
      TRANSACT. & BALANCE                                                 97 562.50     97 562.50           0.00
```

```
                                                                        CSF INVESTMENTS LTD.
                                                                         HAMILTON, BERMUDA
4230    AH/SUB. A/C # 2                                                  87 01 28  PAGE     5
        LEDGER                  FROM 01 01 86 TO 31 12 86

A/C.   NAME & DESCRIPTION            DOC.NO CONTRA              DEBIT         CREDIT       BALANCE

550801    ****** SECURITIES - CAN. IMP. BK OF COMMER US$                      # 03027

 24  7  7.7500 PRUDENTIAL FUNDING CO.
       PURCHASE               200000+ 8005 5600001          198 750.00
 24  7  7.5000 SASKATCHEWAN
       PURCHASE               350000+ 8006 5600001          345 187.50                  543 937.50
  4  9  7.5000 SASKATCHEWAN
       SALE                   350000- 8009 5600001                       349 125.00
  4  9  7.5000 SASKATCHEWAN
       GAIN                            760801                 3 937.50                  198 750.00
 17 12  7.7500 PRUDENTIAL FUNDING CO.
       SALE                   200000- 8325 5600001                       204 750.00
 17 12  7.7500 PRUDENTIAL FUNDING CO.
       GAIN                            760801                 6 000.00                        0.00
 30 12  6.4375 CIBC CERTIFICATES DEPOSI
       PURCHASE              2037000+ 8475 5600001        2 037 000.00                2 037 000.00

                                                         -------------- --------------
       TRANSACT. & BALANCE    2037000+                    2 590 875.00   553 875.00   2 037 000.00

551801    ****** SECURITIES - MERRILL LYNCH        US$

       TRANSACT. & BALANCE                                        0.00         0.00           0.00

552212    ****** SECURITIES - MORGAN STANLEY       MFK

 25 11 POHJOLA  (NEWS) B
       PURCHASE                 7800+22026 5600012          663 557.14                  663 557.14
 22 12 POHJOLA  (NEWS) B
       SALE                     7800-22030 5600012                       585 000.00
 22 12 POHJOLA  (NEWS) B
       LOSS                            762212                             78 557.14           0.00

                                                         -------------- --------------
       TRANSACT. & BALANCE                                  663 557.14   663 557.14           0.00
```

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

```
4230     AH/SUB. A/C # 2                                                                87 01 28  PAGE      6
         LEDGER                       FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                    DOC.NO CONTRA                     DEBIT         CREDIT        BALANCE

52701      ###### SECURITIES - STRAUSS TURNBULL       US$                            || 03028

10  9   9.0000 R.H.M. OVERSEAS FINANCE
      PURCHASE                   136500+27075 5600001                    136 500.00                     136 500.00
26  9  12.0000 BANK OF AMERICA
      PURCHASE                   100000+27077 5600001                    101 000.00                     237 500.00
19 12   9.0000 R.H.M. OVERSEAS FINANCE
      SALE                         1500- 8342 5600001                                     1 507.50
19 12   9.0000 R.H.M. OVERSEAS FINANCE
      GAIN                                    762701                          7.50
19 12  12.0000 BANK OF AMERICA
      SALE                       100000-27089 5600001                                   101 000.00
19 12   9.0000 R.H.M. OVERSEAS FINANCE
      SALE                       135000-27093 5600001                                   135 675.00
19 12   9.0000 R.H.M. OVERSEAS FINANCE
      GAIN                                    762701                        675.00                            0.00

                                                                    -------------- --------------
      TRANSACT. & BALANCE                                            238 182.50     238 182.50             0.00

56601      ###### FID. DEPOSIT - CREDIT SUISSE        US$

      TRANSACT. & BALANCE                                                  0.00           0.00             0.00

600001     ###### CASH ACCOUNT                        US$

18  6   6.1250 CALL CREDIT SUISSE
      ON CALL                  2000000- 6339 663000K                                 2 000 000.00  2 000 000.00-
20  6 NEW FUNDS                         6332 100001               2 000 000.00
20  6 CALL INT.                         6386 772201                     666.66                          666.66
24  6 CALL INT.                         6414 772201                   1 000.00
24  6 CALL INT.                         6414 772201                     333.37                        2 000.03
16  7 CALL INTEREST                     7084 772201                   7 333.33                        9 333.36
17  7 CALL INTEREST                     7092 772201                     312.50                        9 645.86
22  7 CALL INTEREST                     7118 772201                   1 378.68                       11 024.54
24  7   7.7500 PRUDENTIAL FUNDING CO.
```

4230 AH/SUB A/C # 2 87 01 28 PAGE 7
LEDGER FROM 01 01 86 TO 31 12 86

03029

A/C.	NAME & DESCRIPTION		DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)			
	PURCHASE	200000-	8005 08JPRU		198 750.00	
24 7	7.7500 PRUDENTIAL FUNDING CO.					
	ACCRUED INTEREST	200000-	8005 08JPRU		86.14	
24 7	7.5000 SASKATCHEWAN					
	PURCHASE	350000-	8006 08JSASK		345 187.50	
24 7	6.1250 CALL CREDIT SUISSE					
	OFF CALL	950000+	7107 66J000K	950 000.00		
24 7	CALL INTEREST		7132 772201	624.99		417 625.89
30 7	6.1250 CALL CREDIT SUISSE					
	ON CALL		7125 66J000K		390 000.00	
30 7	CALL INTEREST		7159 772201	984.38		28 610.27
7 8	CALL INTEREST		7205 772201	1 800.00		30 410.27
25 8	CALL INTEREST	1440000+	7276 772201	3 870.00		34 280.27
4 9	7.5000 SASKATCHEWAN					
	SALE	350000+	8009 08JSASK	349 125.00		
4 9	7.5000 SASKATCHEWAN					
	ACCRUED INTEREST	350000+	8009 08JSASK	2 916.67		386 321.94
5 9	6.1875 CREDIT SUISSE 05.11.86					
	FIDUCIARY DEPOSIT	140000-	8017 66J309A		140 000.00	246 321.94
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	PURCHASE	136500-	27075 27JRHM		136 500.00	
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	ACCRUED INTEREST	136500-	27075 27JRHM		853.12	108 968.82
24 9	6.1250 CALL CREDIT SUISSE					
	OFF CALL	700000+	7416 66J000K	700 000.00		808 968.82
26 9	TRANSFER TO BLOCKED DEPOSIT ACCOU		7416 •	700 000.00		
26 9	CANCEL ENTRY		570001		700 000.00	
26 9	BLOCK.DEP. AT 8% MAT.26.3.87		741600 570001		700 000.00	
26 9	12.0000 BANK OF AMERICA					
	PURCHASE	100000-	27077 27JBOA		101 000.00	
26 9	12.0000 BANK OF AMERICA					
	ACCRUED INTEREST	100000-	27077 27JBOA		5 366.66	2 602.16
14 10	CALL INTEREST		8047 772201	8 055.55		10 657.71
15 10	MGT FEES 3RD QUARTER 1986		8001 101001		3 759.98	6 897.73
5 11	INTEREST		8102 772201	1 349.20		
5 11	6.1875 CREDIT SUISSE 05.11.86					

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 AH/SUB. A/C # 2 — 87 01 28 PAGE 8

LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
600001	CASH ACCOUNT (SUITE)					
	REDEMPTION	140000+ 8102 66J309A		140 000.00	03030	148 246.93
6 11	5.8750 CONTINENTAL BANK 08.12.8					
	FIDUCIARY DEPOSIT	152000- 8107 56J342A			152 000.00	3 753.07-
12 11	6.1250 CALL CREDIT SUISSE					
	OFF CALL	740000+ 8151 66J000K		740 000.00		
12 11	CALL INTEREST	8151 772201		2 906.04		739 152.97
20 11	R.N.B. 22.12.86					
	FIDUCIARY DEPOSIT	500000- 8200 61J356C			500 000.00	
20 11	R.N.B. 22.12.86					
	REVERSAL	500000+ 8200 61J356C		500 000.00		
20 11	R.N.B. 22.12.86					
	FIDUCIARY DEPOSIT	502441- 8200 61J356C			502 441.78	236 711.19
21 11	OUNCES - GOLD					
	PURCHASE	250- 8258 06ZPDGL			96 250.00	140 461.19
25 11	MKF/US$ AT 20.455	22026 101001	663 557.14-		135 730.61	4 730.58
8 12	5.8750 CONTINENTAL BANK 08.12.8					
	REDEMPTION	152000+ 8268 56J342A		152 000.00		
8 12	INTEREST	8268 772201		793.77		
8 12	6.2500 CONTINENTAL BANK 08.01.8					
	FIDUCIARY DEPOSIT	154044- 8269 56J008A			154 044.44	3 479.91
12 12	OUNCES - GOLD					
	SALE	250+ 8374 06ZPDGL		97 562.50		101 042.41
15 12	6.2500 CONTINENTAL BANK 08.01.8					
	REDEMPTION	154044+ 8327 56J008A		154 044.44		
15 12	INTEREST	8327 772201		187.20		
15 12	R.N.B. 22.12.86					
	REDEMPTION	502441+ 8330 61J356C		502 441.78		
15 12	FTD 356C INT	8330 772201		2 057.94		759 773.77
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	SALE	200000+ 8325 08JPRU		204 750.00		
17 12	7.7500 PRUDENTIAL FUNDING CO.					
	CREDIT INTEREST	200000+ 8325 08JPRU		6 243.06		970 766.83
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	SALE	1500+ 8342 27JRHM		1 507.50		
19 12	9.0000 R.H.M. OVERSEAS FINANCE					
	CREDIT INTEREST	150[illegible] 8342 27JRHM		46.50		

4230 AH/SUB. A/C # 2 — 87 01 28 PAGE 9

LEDGER — FROM 01 01 86 TO 31 12 86

03031

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)				
19 12	12.0000 BANK OF AMERICA						
	SALE	100000+27089	27JBOA		101 000.00		
19 12	12.0000 BANK OF AMERICA						
	CREDIT INTEREST	100000+27089	27JBOA		8 133.34		
19 12	9.0000 R.H.M. OVERSEAS FINANCE						
	SALE	135000+27093	27JRHM		135 675.00		
19 12	9.0000 R.H.M. OVERSEAS FINANCE						
	CREDIT INTEREST	135000+27093	27JRHM		4 185.00		1 221 314.17
23 12	MKF/US$ AT 4.909	8418	101001	585 000.00+	119 168.87		
23 12	MGT FEES 4TH QUARTER 86	8428	101001			3 351.51	1 337 131.53
30 12	6.4375 CIBC CERTIFICATES DEPOSI						
	PURCHASE	2037000- 8475	08JCD			2 037 000.00	
30 12	REDEMPTION	8481	570001		714 777.77		14 909.30
	TRANSACT. & BALANCE	143000+		78 557.14-	8 317 231.04	8 302 321.74	14 909.30
5600012	###### CASH ACCOUNT		MFK				
25 11	MKF/US$ AT 20.455	22026	101012	135 730.61+	663 557.14		
25 11	POHJOLA (NEWS) B						
	PURCHASE	7800-22026	22POHJ			663 557.14	0.00
22 12	POHJOLA (NEWS) B						
	SALE	7800+22030	22POHJ		585 000.00		585 000.00
23 12	MKF/US$ AT 4.909	8418	101012	119 168.87-		585 000.00	0.00
	TRANSACT. & BALANCE			16 561.74+	1 248 557.14	1 248 557.14	0.00
570001	###### BLOCKED DEPOSIT ACCOUNT		US$				
26 9	BLOCK DEP. AT 8 % MAT. 26.03.87	7416	#5600001			700 000.00	
26 9	CANCEL ENTRY		5600001		700 000.00		
26 9	BLOCK.DEP. AT 8% MAT.26.3.87	741600	5600001		700 000.00		700 000.00
30 12	INT. DEPOSIT 8% FM 26.09.86	8481	772201		14 777.77		
30 12	REDEMPTION	8481	5600001			714 777.77	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4230 AH/SUB. A/C # 2 87 01 28 PAGE 10
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
70001	BLOCKED DEPOSIT ACCOUNT	(SUITE)			
			--------------	--------------	
	TRANSACT. & BALANCE		1 414 777.77	1 414 777.77	0.00

II-00032

4230 AH/SUB. A/C # 2 87 01 28 PAGE 11
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
6	###### CHARGES		US$			
673701	###### BANK CHARGES		US$			
	TRANSACT. & BALANCE			0.00	0.00	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
230     AA/SUB  A/C # 2                                                          87 01 28  PAGE      12
        LEDGER                          FROM 01 01 86 TO 31 12 86

/C   NAME & DESCRIPTION                      DOC.NO CONTRA                 DEBIT          CREDIT        BALANCE

        ###### INCOME                                      US$

0601    ###### REAL. GAINS/LOSSES - R.N.B.                 US$

2 12 OUNCES - GOLD
     GAIN                                    06ZPDGL                                     1 312.50      1 312.50-
                                                                      -------------- --------------
     TRANSACT. & BALANCE                                                       0.00      1 312.50      1 312.50-

0801    ###### REAL. GAINS/LOSSES - CIBC                   US$

4  9  7.5000 SASKATCHEWAN,
     GAIN                                    08JSASK                                     3 937.50      3 937.50-
17 12  7.7500 PRUDENTIAL FUNDING CO.
     GAIN                                    08JPRU                                      6 000.00      9 937.50-
                                                                      -------------- --------------
     TRANSACT. & BALANCE                                                       0.00      9 937.50      9 937.50-

62212    ###### REAL. GAINS/LOSSES - MORGAN STANLEY MFK

22 12 POHJOLA  (NEWS) B
     LOSS                                    22POHJ                   78 557.14                       78 557.14
                                                                      -------------- --------------
     TRANSACT. & BALANCE                                              78 557.14          0.00         78 557.14

62701    ###### REAL. GAINS/LOSSES - STRAUSS TURNBU US$

19 12  9.0000 R.H.M. OVERSEAS FINANCE
     GAIN                                    27JRHM                                         7.50
19 12  9.0000 R.H.M. OVERSEAS FINANCE
     GAIN                                    27JRHM                                       675.00         682.50-
```

H 03034

```
4230      AH/SUB. A/C # 2                                                                    87 01 28  PAGE      13
          LEDGER                       FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                 DOC.NO CONTRA                          DEBIT         CREDIT       BALANCE

762701   REAL. GAINS/LOSSES - STRAUSS TU            (SUITE)
                                                                      -------------- --------------
      TRANSACT. & BALANCE                                                        0.00         682.50        682.50-

771101     ****** INTEREST EARNED ON BONDS          US$                                  # 03035

 24  7  7.7500 PRUDENTIAL FUNDING CO.
      ACCRUED INTEREST          200000+ 8005 5600001                            86.14                        86.14
  4  9  7.5000 SASKATCHEWAN
      ACCRUED INTEREST          350000- 8009 5600001                                        2 916.67      2 830.53-
 10  9  9.0000 R.H.M. OVERSEAS FINANCE
      ACCRUED INTEREST          136500+27075 5600001                           853.12                     1 977.41-
 26  9 12.0000 BANK OF AMERICA
      ACCRUED INTEREST          100000+27077 5600001                         5 366.66                     3 389.25
 17 12  7.7500 PRUDENTIAL FUNDING CO.
      CREDIT INTEREST           200000- 8325 5600001                                        6 243.06      2 853.81-
 19 12  9.0000 R.H.M. OVERSEAS FINANCE
      CREDIT INTEREST             1500- 8342 5600001                                           46.50
 19 12 12.0000 BANK OF AMERICA
      CREDIT INTEREST           100000-27089 5600001                                        8 133.34
 19 12  9.0000 R.H.M. OVERSEAS FINANCE
      CREDIT INTEREST           135000-27093 5600001                                        4 185.00     15 218.65-

                                                                      -------------- --------------
      TRANSACT. & BALANCE       350000-                                      6 305.92      21 524.57     15 218.65-

771212     ****** DIVIDENDS                         MFK

      TRANSACT. & BALANCE                                                        0.00           0.00          0.00

772201     ****** INTEREST EARNED ON FTD            US$

 20  6 CALL INT.                         6386 5600001                                         666.66        666.66-
 24  6 CALL INT.                         6414 5600001                                       1 000.00
 24  6 CALL INT.                         6414 5600001                                         333.37      2 000.03-
 16  7 CALL INTEREST                     7084 5600001                                       7 333.33      9 333.36-
 17  7 CALL INTEREST                     7092 5600001                                         312.50      9 645.86-
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

03036

```
4230      AH/SUB. A/C # 2                                                                       87 01 28  PAGE      14
          LEDGER                        FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                     DOC.NO CONTRA                        DEBIT      CREDIT        BALANCE

72201   INTEREST EARNED ON FTD                                (SUITE)
22  7 CALL INTEREST                          7118 5600001                                  1 378.68      11 024.54-
24  7 CALL INTEREST                          7132 5600001                                    624.99      11 649.53-
30  7 CALL INTEREST                          7159 5600001                                    984.38      12 633.91-
 7  8 CALL INTEREST                          7205 5600001                                  1 800.00      14 433.91-
25  8 CALL INTEREST                1440000-  7276 5600001                                  3 870.00      18 303.91-
14 10 CALL INTEREST                          8047 5600001                                  8 055.55      26 359.46-
 5 11 INTEREST                               8102 5600001                                  1 349.20      27 708.66-
12 11 CALL INTEREST                          8151 5600001                                  2 906.04      30 614.70-
 8 12 INTEREST                               8268 5600001                                    793.77      31 408.47-
15 12 INTEREST                               8327 5600001                                    187.20
15 12 FTD 356C INT                           8330 5600001                                  2 057.94      33 653.61-
30 12 INT. DEPOSIT 8% FM 26.09.86            8481 570001                                  14 777.77      48 431.38-

                                                                         -------------- -------------
      TRANSACT. & BALANCE          1440000-                                       0.00    48 431.38      48 431.38-

0        ###### CONTINGENT LIABILITIES                     US$


00       ###### DEBTOR BY GUARANTEE                        US$


00001    ###### REPUBLIC NATIONAL BANK, LUXEMBOURG  US$

26  9 GUARANTEE                              7416 801001                          700 000.00                 700 000.00
30 12 GUARANTY CANCELLED                     8481 801001                                     700 000.00           0.00

                                                                         -------------- -------------
/     TRANSACT. & BALANCE                                                    700 000.00   700 000.00           0.00
01       ###### GUARANTEE FURNISHED                        US$


01001    ###### RAINBOW STAR (USA)                         US$

26  9 GUARANTEE                              7416 800001                                  700 000.00     700 000.00-
```

692

CSF INVESTMENTS LTD.

```
4230      MA/SUB. A/C # 2                                                           87 01 28  PAGE     15
          LEDGER                      FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                DOC.NO CONTRA                     DEBIT         CREDIT       BALANCE

801001   RAINBOW STAR (USA)                       (SUITE)                         H 03037
 30 12 GUARANTY CANCELLED               8481 800001              700 000.00                           0.00
                                                            -------------- --------------
       TRANSACT. & BALANCE                                       700 000.00     700 000.00            0.00
```

```
                                                                              CSF INVESTMENTS LTD.
                                                                                 HAMILTON BERMUDA
4230    AH/SUB. A/C # 2                                                       87 01 28  PAGE     16
        LEDGER                          FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                  DEBIT        CREDIT      BALANCE

                                                                             H 03038
9       ****** TRANSIT ACCOUNTS                   US$

                                                          *************** ***************
             GRAND TOTALS                                 20 621 934.47 20 621 934.47          0.00

                                                          *************** ***************
```

694

```
 4231     AH/SUB  A/C # 3                                                             87 05 29  PAGE      1
          LEDGER                  FROM 01 01 87 TO 30 06 87

 A/C   NAME & DESCRIPTION              DOC NC CONTRA                    DEBIT         CREDIT       BALANCE

9         TRANSIT ACCOUNTS                         (SUITE)

1           ###### CAPITAL                         US$                               № 03039


100001      ###### CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

  1  1 BROUGHT FORWARD                                                          200 000 00     200 000.00
  2  1 TRANSFER                            101C01                 200 000 00                         0.00
                                                                -------------  -------------
       TRANSACT  & BALANCE                                        200 000 00    200 000 00           0 00

101001      ###### CAPITAL INVESTED                US$

  1  1 BROUGHT FORWARD                                             50 769 06
  1  1 1986 P/L  NET BALANCE                                                      7 915 18      42 853.88
  2  1 TRANSFER                            100001                               200 000 00     157 146.12
 30  1 MGT FEES 4TH QAURTER 1986        5001 5600001                  388 64                   156 757.48
 21  4 MGT FEES 1ST QUARTER 1987        6001 5600001                   98 22                   156 659.26
                                                                -------------  -------------
       TRANSACT  & BALANCE                                         51 255 92    207 915 18     156 659.26

101012      ###### CAPITAL INVESTED                MFK

       TRANSACT  & BALANCE                                              0 00          0 00           0.00
```

```
4231     AH/SUB  A/C # 3                                                                   87 05 29  PAGE      2
         LEDGER                    FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                      DEBIT          CREDIT       BALANCE

5         ****** ASSETS & LIABILITIES                US$

526101    ****** FID  DEPOSIT - RNB                  US$

       TRANSACT  & BALANCE                                                    0 00            0 00          0 00
526601    ****** FID  DEPOSIT - CREDIT SUISSE        US$

       TRANSACT  & BALANCE                                                    0 00            0 00          0 00
550601    ****** SECURITIES - R N B                  US$

       TRANSACT  & BALANCE                                                    0 00            0 00          0 00
550801    ****** SECURITIES - CAN  IMP  BK OF COMMER US$

  1  1 BROUGHT FORWARD          157000+                                 157 000 00                  157 000 00
  8  1
       SALE                     157000- 8475 5600001                                  157 000 00
  8  1
       INTEREST TO 30 03 87 AT 0 437    8475 5600001                                      154 55
  8  1
       REVERSAL                         8475 5600001                        154 55                          0 00

                                                                      -------------  -------------
       TRANSACT  & BALANCE                                              157 154 55    157 154 55          0 00
551401    ****** SECURITIES - BEAR STEARNS           US$

       TRANSACT  & BALANCE                                                    0 00            0 00          0 00
```

H 03040

```
4231      AH/SUB  A/C # 3                                                             87 05 29  PAGE      3
          LEDGER                   FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                      DEBIT         CREDIT        BALANCE

551801     ****** SECURITIES - MERRILL LYNCH         US$                     H 03041

  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                  155000+18001 5600001                155 000 00                   155 000.00
  8  4  6.0000 EURO-CD TORONTO DOMINION
       REDEMPTION                155000-18002 5600001                             155 000.00
  8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT         157325+18003 5600001                157 325 00                   157 325.00
  8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT         158144+18005 5600001                158 144 00
  8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                157325-18004 5600001                             157 325.00    158 144.00
                                                                  -------------  -------------
       TRANSACT  & BALANCE       158144+                             470 469 00   312 325.00    158 144.00

552212     ****** SECURITIES - MORGAN STANLEY        MFK

       TRANSACT  & BALANCE                                                 0.00         0.00          0.00

556601     ****** FID  DEPOSIT - CREDIT SUISSE       US$

       TRANSACT  & BALANCE                                                 0.00         0.00          0.00

5600001    ****** CASH ACCOUNT                       US$

  1  1 BROUGHT FORWARD            77000-                                 146 12                       146 12
  8  1
       SALE                      157000+ 8475 08JCD                  157 000 00
  8  1
       INTEREST FM 30 1286 TO 08 01      8475 08JCD                      252 68
  8  1
       INTEREST TO 30 03 87 AT 0 437     8475 08JCD                      154 55
  8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                  155000-18001 18JCDTO                             155 000.00
  8  1
```

```
 4231     AH/SUB  A/C # 3
          LEDGER
                                    FROM 01 01 87 TO 30 06 87                87 05 29  PAGE      4
 A/C   NAME & DESCRIPTION
                                         DOC NO CONTRA
                                                                    DEBIT         CREDIT       BALANCE
 600001  CASH ACCOUNT
         REVERSAL                                       (SUITE)
  8  1                                   8475 08JCD
                                                                                  154 55
         INTEREST TO 30 03 87 AT 0. 43   8475 08JCD
 30  1 MGT FEES 4TH QAURTER 1986         5001 101001         154 55
  8  4  6 0000 EURO-CD TORONTO DOMINION                                                    2 553 35
        REDEMPTION                                                        388 64           2 164 71
                                    155000+18002 18JCDTO
  8  4  6 0000 EURO-CD TORONTO DOMINION                   155 000 00
        INTEREST
                                    155000+18002 18JCDTO
  8  4  6 2500 MERRILL LYNCH 8/5/87                         2 325 00
        FIDUCIARY DEPOSIT
                                    157325-18003 18J128A
 21  4 MGT FEES 1ST QUARTER 1987
  8  5  6 8750 MERRILL LYNCH 8/7/87      6001 101001                  157 325 00           2 164 71
        FIDUCIARY DEPOSIT                                                  98 22           2 066 49
                                    158144-18005 18J189A
  8  5  6 2500 MERRILL LYNCH 8/5/87
        REDEMPTION                                                    158 144 00
                                    157325+18004 18J128A
  8  5 CREDIT INTEREST
                                    157325+180U4 772201       157 325 00
                                                                  819 40
                                                                                           2 066 89

        TRANSACT  & BALANCE         234181+
                                                           -------------- --------------
 600012   ****** CASH ACCOUNT                              473 177 30    471 110 41        2 066 89
                                                 MFK
        TRANSACT  & BALANCE

                                                                 0 00          0 00          0 00
```

H 03042

```
 4231     AH/SUB  A/C # 3                                                      87 05 29  PAGE      5
          LEDGER                     FROM 01 01 87 TO 30 06 87

 A/C   NAME & DESCRIPTION                 DOC NO CONTRA                 DEBIT        CREDIT      BALANCE

6         ###### CHARGES                               US$

673701    ###### BANK CHARGES                          US$
       TRANSACT  & BALANCE                                               0 00         0 00         0 00
```

H 03043

699

```
4231     AH/SUB  A/C # 3                                                                  87 05 29  PAGE      6
         LEDGER                         FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                        DEBIT          CREDIT       BALANCE

7          ****** INCOME                                 US$

60601      ****** REAL  GAINS/LOSSES - R N B             US$

      TRANSACT  & BALANCE                                                        0 00            0 00           0 00

60801      ****** REAL  GAINS/LOSSES - CIBC              US$

      TRANSACT  & BALANCE                                                        0 00            0 00           0 00

61401      ****** REAL  GAINS/LOSSES - BEAR STEARNS      US$

      TRANSACT  & BALANCE                                                        0 00            0 00           0 00

62212      ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK

      TRANSACT  & BALANCE                                                        0 00            0 00           0 00

71101      ****** INTEREST EARNED ON BONDS               US$

 8  1
      INTEREST FM 30 1286 TO 08 01        8475 5600001                                         252 68
 8  1
      INTEREST TO 30 03 87 AT 0. 43       8475 5600001                                         154 55         407 23-
 8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                    155000-18002 5600001                                       2 325 00       2 732 23-
                                                                           -------------- --------------
      TRANSACT  & BALANCE         155000-                                        0 00        2 732 23       2 732 23-
```

H 03044

```
4231     AH/SUB  A/C # 3                                                          87 05 29  PAGE      8
         LEDGER                    FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION              DOC NO CONTRA                    DEBIT         CREDIT       BALANCE

9        ****** TRANSIT ACCOUNTS                  US$

                                                          *************** ***************
            GRAND TOTALS                                   1 352 056 77  1 352 056 77          0 00
                                                          *************** ***************
```

H 03046

```
4231    AH/SUB  A/C # 3                                                                       87 05 29  PAGE      7
        LEDGER                      FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                    DEBIT          CREDIT        BALANCE

771212    ****** DIVIDENDS                              MFK

      TRANSACT  & BALANCE                                                      0 00            0 00           0 00

772201    ****** INTEREST EARNED ON FTD                 US$

 8  5 CREDIT INTEREST             157325-18004 5600001                                       819 40         819 40
                                                                     --------------- ---------------
      TRANSACT  & BALANCE         157325-                                      0 00          819 40         819 40
```

702

CSF INVESTMENTS LT
HAMILTON BERMUDA

```
4231     AH/SUB. A/C # 3
         LEDGER                        FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION               DOC NO CONTRA                    DEBIT        CREDIT       BALANCE

1          ****** CAPITAL                            US$

100001     ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS  US$
 20  6 NEW FUNDS                        6332 5600001                                200 000.00   200 000.00
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                                  0.00    200 000.00   200 000.00

101001     ****** CAPITAL INVESTED                   US$
 17  6 TR TO AMERICAN SEC./SHARP.GREEN  6366 5600001                   25 000.00
 17  6 TR TO RIGGS NTL / SHARP. GREEN   6366 5600001                   25 000.00                  50 000.00
 15 10 MGT FEES 3RD QUARTER 1986        8001 5600001                      379.94                  50 379.94
 23 12 MGT FEES 4TH QUARTER 86          8428 5600001                      389.12                  50 769.06
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                             50 769.06          0.00    50 769.06

101012     ****** CAPITAL INVESTED                   MFK
       TRANSACT. & BALANCE                                                  0.00          0.00         0.00
```

03047

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4231      AH/SUB. A/C # 3
          LEDGER                      FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                                DEBIT          CREDIT        BALANCE

5         ****** ASSETS & LIABILITIES                 US$

526101    ****** FID. DEPOSIT - RNB                   US$

  5  9  6.3125 R.N.B. 20/10/86
        FIDUCIARY DEPOSIT          80000+ 8018 5600001                        80 000.00                      80 000.00
 20 10  6.3125 R.N.B. 20/10/86
        REDEMPTION                 80000- 8040 5600001                                       80 000.00
 20 10           R.N.B. 20.11.86
        FIDUCIARY DEPOSIT          80000+ 8041 5600001                        80 000.00                      80 000.00
 20 11           R.N.B. 20.11.86
        REDEMPTION                 80000- 8174 5600001                                       80 000.00            0.00
                                                                           -------------- -------------
        TRANSACT. & BALANCE                                                  160 000.00     160 000.00            0.00

526601    ****** FID. DEPOSIT - CREDIT SUISSE         US$

 18  6  6.1250 CALL CREDIT SUISSE
        ON CALL                   200000+ 6339 5600001                       200 000.00                     200 000.00
 23  6  6.1250 CALL CREDIT SUISSE
        OFF CALL                   50000- 6374 5600001                                       50 000.00      150 000.00
 24  7  6.1250 CALL CREDIT SUISSE
        OFF CALL                  150000- 7107 5600001                                      150 000.00            0.00
                                                                           -------------- -------------
        TRANSACT. & BALANCE                                                  200 000.00     200 000.00            0.00

550601    ****** SECURITIES - R.N.B.                  US$

 19 11 OUNCES - GOLD
        PURCHASE                     100+ 8258 5600001                        38 800.00                      38 800.00
 12 12 OUNCES - GOLD
        SALE                         100- 8374 5600001                                       39 025.00
 12 12 OUNCES - GOLD
```

|| 03048

CSF INVESTMENTS LTD

4231 AH/SUB. A/C # 3
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
550601	SECURITIES - R.N.B.	(SUITE)			
	GAIN	760601	225.00		0.00
	TRANSACT. & BALANCE		39 025.00	39 025.00	0.00
550801	****** SECURITIES - CAN. IMP. BK OF COMMER US$			II 03049	
24 7	7.7500 PRUDENTIAL FUNDING CO. PURCHASE	70000+ 8005 5600001	69 562.50		
24 7	7.5000 SASKATCHEWAN PURCHASE	80000+ 8006 5600001	78 900.00		148 462.50
4 9	7.5000 SASKATCHEWAN SALE	80000- 8009 5600001		79 800.00	
4 9	7.5000 SASKATCHEWAN GAIN	760801	900.00		69 562.50
17 12	7.7500 PRUDENTIAL FUNDING CO. SALE	70000- 8325 5600001		71 662.50	
17 12	7.7500 PRUDENTIAL FUNDING CO. GAIN	760801	2 100.00		0.00
30 12	6.4375 CIBC CERTIFICATES DEPOSI PURCHASE	157000+ 8475 5600001	157 000.00		157 000.00
	TRANSACT. & BALANCE	157000+	308 462.50	151 462.50	157 000.00
551401	****** SECURITIES - BEAR STEARNS US$				
12 11	CITIZENS FINANCIAL GROUP INC PURCHASE	800+14100 5600001	30 270.41		30 270.41
17 12	CITIZENS FINANCIAL GROUP INC SALE	800-14101 5600001		30 210.32	
17 12	CITIZENS FINANCIAL GROUP INC LOSS	761401		60.09	0.00
	TRANSACT. & BALANCE		30 270.41	30 270.41	0.00

CSF INVESTMENTS LTD.

```
4231     AH/SUB  A/C # 3
         LEDGER                         FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                              DEBIT         CREDIT        BALANCE

551801     ###### SECURITIES - MERRILL LYNCH           US$
                                                                                      0.00           0.00           0.00
      TRANSACT  & BALANCE
                                                                                        II 03050
552212     ###### SECURITIES - MORGAN STANLEY          MFK
                                                                                      0.00           0.00           0.00
      TRANSACT  & BALANCE

556601     ###### FID. DEPOSIT - CREDIT SUISSE         US$
                                                                                      0.00           0.00           0.00
      TRANSACT. & BALANCE

5600001    ###### CASH ACCOUNT                         US$
                                                                                                 25 000.00
 17  6 TR TO AMERICAN SEC./SHARP.GREEN     6366 101001                                           25 000.00     50 000.00-
 17  6 TR TO RIGGS NTL / SHARP. GREEN      6366 101001
 18  6  6.1250 CALL CREDIT SUISSE                                                               200 000.00    250 000.00-
       ON CALL                   200000-  6339 66J000K
                                          6332 100001                          200 000.00
 20  6 NEW FUNDS                          6386 772201                               66.68                     49 933.32-
 20  6 CALL INT.
 23  6  6.1250 CALL CREDIT SUISSE                                               50 000.00                          66.68
       OFF CALL                   50000+  6374 66J000K
                                          6414 772201                              100.00
 24  6 CALL INT.                          6414 772201                               24.99                         191.67
 24  6 CALL INT.                          7084 772201                              550.00                         741.67
 16  7 CALL INTEREST                      7092 772201                               23.44                         765.11
 17  7 CALL INTEREST                      7118 772201                              103.40                         868.51
 22  7 CALL INTEREST
 24  7  7.7500 PRUDENTIAL FUNDING CO.                                                            69 562.50
       PURCHASE                   70000-  8005 08JPRU
 24  7  7.7500 PRUDENTIAL FUNDING CO.                                                                30.13
       ACCRUED INTEREST           70000-  8005 08JPRU
 24  7  7.5000 SASKATCHEWAN                                                                      78 900.00
       PURCHASE                   80000-  8006 08JSASK
 24  7  6.1250 CALL CREDIT SUISSE                                              150 000.00
       OFF CALL                  150000+  7107 66J000K                              46.88                       2 422.76
 24  7 CALL INTEREST                      7132 772201
```

CSF INVESTMENTS LTD

4231 AH/SUB. A/C # 3
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
4 9	7.5000 SASKATCHEWAN				
	SALE	80000+ 8009 08]SASK	79 800.00 H 03051		
4 9	7.5000 SASKATCHEWAN				
	ACCRUED INTEREST	80000+ 8009 08]SASK	666.67		82 889.43
5 9	6.3125 R.N.B. 20/10/86				
	FIDUCIARY DEPOSIT	80000- 8018 61]293A		80 000.00	2 889.43
15 10	MGT FEES 3RD QUARTER 1986	8001 101001		379.94	2 509.49
20 10	6.3125 R.N.B. 20/10/86				
	REDEMPTION	80000+ 8040 61]293A	80 000.00		
20 10	INTEREST	8040 772201	622.60		
20 10	R.N.B. 20.11.86				
	FIDUCIARY DEPOSIT	80000- 8041 61]324B		80 000.00	3 132.09
12 11	CITIZENS FINANCIAL GROUP INC				
	PURCHASE	800-14100 14CITN		30 270.41	27 138.32-
19 11	OUNCES - GOLD				
	PURCHASE	100- 8258 06ZPDGL		38 800.00	65 938.32-
20 11	R.N.B. 20.11.86				
	REDEMPTION	80000+ 8174 61]324B	80 000.00		
20 11	INTEREST	8174 772201	390.68		14 452.36
12 12	OUNCES - GOLD				
	SALE	100+ 8374 06ZPDGL	39 025.00		53 477.36
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	SALE	70000+ 8325 08]PRU	71 662.50		
17 12	7.7500 PRUDENTIAL FUNDING CO.				
	CREDIT INTEREST	70000+ 8325 08]PRU	2 185.06		
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	800+14101 14CITN	30 210.32		157 535.24
23 12	MGT FEES 4TH QUARTER 86	8428 101001		389.12	157 146.12
30 12	6.4375 CIBC CERTIFICATES DEPOSI				
	PURCHASE	157000- 8475 08]CD		157 000.00	146.12
			--------------	--------------	
	TRANSACT. & BALANCE	77000-	785 478.22	785 332.10	146.12

CSF INVESTMENTS LTD.

```
6231     AH/SUB  A/C # 3
         LEDGER                             FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                      DOC.NO CONTRA                          DEBIT        CREDIT       BALANCE

5600012   ****** CASH ACCOUNT                              MFK

      TRANSACT  & BALANCE                                                             0.00          0.00          0.00
```

03052

CSF INVESTMENTS LTD

4231 AW/SUB. A/C # 3
LEDGER

FROM 01 01 86 TO 31 12 86

03053

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
6	###### CHARGES	US$			
673701	###### BANK CHARGES	US$			
	TRANSACT. & BALANCE		0.00	0.00	0.00

709

CSF INVESTMENTS LTD.

```
6231     AH/SUB. A/C # 3
         LEDGER                              FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                  DOC.NO CONTRA                  DEBIT        CREDIT       BALANCE

7          ****** INCOME                             US$

760601     ****** REAL. GAINS/LOSSES - R.N.B.        US$

 12 12 OUNCES - GOLD
       GAIN                                  06ZPDGL                                  225.00        225.00-
                                                               -------------- --------------
       TRANSACT. & BALANCE                                             0.00           225.00        225.00-
760801     ****** REAL. GAINS/LOSSES - CIBC          US$

  6  9  7.5000 SASKATCHEWAN
       GAIN                                  081SASK                                  900.00        900.00-
 17 12  7.7500 PRUDENTIAL FUNDING CO
       GAIN                                  081PRU                                 2 100.00      3 000.00-
                                                               -------------- --------------
       TRANSACT. & BALANCE                                             0.00         3 000.00      3 000.00-
761601     ****** REAL. GAINS/LOSSES - BEAR STEARNS  US$

 17 12 CITIZENS FINANCIAL GROUP INC
       LOSS                                  16CITN                   60.09                      60.09
                                                               -------------- --------------
       TRANSACT. & BALANCE                                            60.09             0.00         60.09
762212     ****** REAL. GAINS/LOSSES - MORGAN STANLEY MFK

       TRANSACT. & BALANCE                                             0.00             0.00          0.00
```

01054

CSF INVESTMENTS LT

```
 4231     AH/SUB. A/C # 3
          LEDGER                        FROM 01 01 86 TO 31 12 86

 A/C.  NAME & DESCRIPTION               DOC.NO CONTRA                         DEBIT        CREDIT     BALANCE

771101     ###### INTEREST EARNED ON BONDS            US$

 24  7  7.7500 PRUDENTIAL FUNDING CO.
       ACCRUED INTEREST         70000+ 8005 5600001                          30.13                    30.13
  6  9  7.5000 SASKATCHEWAN
       ACCRUED INTEREST         80000- 8009 5600001                                       666.67     636.54
 17 12  7.7500 PRUDENTIAL FUNDING CO.
       CREDIT INTEREST          70000- 8325 5600001                                     2 185.06   2 821.60

                                                                    -------------- --------------
       TRANSACT. & BALANCE      80000-                                       30.13     2 851.73   2 821.60

771212     ###### DIVIDENDS                           MFK

       TRANSACT. & BALANCE                                                    0.00         0.00        0.00

772201     ###### INTEREST EARNED ON FTD              US$

 20  6 CALL INT.                        6386 5600001                                      66.68       66.68
 24  6 CALL INT.                        6414 5600001                                     100.00
 24  6 CALL INT                         6414 5600001                                      24.99      191.67
 16  7 CALL INTEREST                    7084 5600001                                     550.00      741.67
 17  7 CALL INTEREST                    7092 5600001                                      23.44      765.11
 22  7 CALL INTEREST                    7118 5600001                                     103.40      868.51
 24  7 CALL INTEREST                    7132 5600001                                      46.88      915.39
 20 10 INTEREST                         8040 5600001                                     622.60    1 537.99
 20 11 INTEREST                         8174 5600001                                     390.68    1 928.67

                                                                    -------------- --------------
       TRANSACT. & BALANCE                                                    0.00     1 928.67    1 928.67
```

03055

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

6231 AW/SUB. A/C # 3
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

H 03056

CSF INVESTMENTS LTD.

```
4231     AH/SUB  A/C # 3                 FROM 01 01 86 TO 31 12 86
         LEDGER                                                                DEBIT          CREDIT         BALANCE
                                          DOC NO CONTRA
A/C  NAME & DESCRIPTION

                                                      US$
9        ###### TRANSIT ACCOUNTS
                                                               ############### ###############          0.00
                                                                 1 574 095.41   1 574 095.41
              GRAND TOTALS
                                                               ############### ###############
```

H 03057

```
4201    KOREL ASSETS                                                                       87 05 29  PAGE      1
        LEDGER                            FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                          DEBIT         CREDIT        BALANCE

9       TRANSIT ACCOUNTS                             (SUITE)

1        ###### CAPITAL                              US$

100000   ###### CAPITAL CONTRIBUTIONS/WITHDRAWALS    FS
                                                                                          H 03058
  1  1 BROUGHT FORWARD                                                         8 000 00                   8 000 00
  2  1 TRANSFER                                 101000                                     8 000 00          0 00
                                                                        -------------- --------------
       TRANSACT  & BALANCE                                                     8 000 00    8 000 00          0 00

100001   ###### CAPITAL CONTRIBUTIONS/WITHDRAWALS    US$

  1  1 BROUGHT FORWARD                                                                   562 775 03     562 775 03
  2  1 TRANSFER                                 101001                       562 775 03                      0 00
                                                                        -------------- --------------
       TRANSACT  & BALANCE                                                   562 775 03  562 775 03          0 00

101000   ###### CAPITAL INVESTED                     FS

  1  1 BROUGHT FORWARD                                       824 200 54+      14 348 66
  1  1 1986 P/L  NET BALANCE                                                              22 348 66       8 000 00
  2  1 TRANSFER                                 100000                          8 000 00                     0 00
                                                                        -------------- --------------
       TRANSACT  & BALANCE                                   824 200 54+      22 348 66   22 348 66          0 00

101001   ###### CAPITAL INVESTED                     US$

  1  1 BROUGHT FORWARD              235626-                  933 348 66-                 819 891 06
  1  1 1986 P/L  NET BALANCE                                                             164 369 66     984 260 72
  2  1 TRANSFER                                 100001                                   562 775 03   1 547 035 75
 30  1 MGT FEES 4TH QAURTER 1986           5001 5600001                         3 142 75                1 543 893 00
 21  4 MGT FEES 1ST QUARTER 1987           6001 5600001                           967 17                1 542 925 83
```

714

```
4201     KOREL ASSETS                                                              87 05 29  PAGE      2
         LEDGER                        FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                   DOC NO CONTRA                         DEBIT        CREDIT      BALANCE
                                                                                        H 03059
101001   CAPITAL INVESTED                             (SUITE)

                                                                      ------------- -------------
       TRANSACT  & BALANCE        235626-               933 348 66-       4 109 92  1 547 035 75  1 542 925 83

101003    ●●●●●● CAPITAL INVESTED                     DM

  1  1 BROUGHT FORWARD                                    3 445 45-         216 01
  1  1 1986 P/L  NET BALANCE                                                              216 01          0 00
                                                                      ------------- -------------
       TRANSACT  & BALANCE                                3 445 45-         216 01        216 01          0 00

101010    ●●●●●● CAPITAL INVESTED                     YEN

  1  1 BROUGHT FORWARD                                    2 892 13-      35 953 50
  1  1 1986 P/L  NET BALANCE                                                           35 953 50          0 00
                                                                      ------------- -------------
       TRANSACT  & BALANCE                                2 892 13-      35 953 50     35 953 50          0 00

101012    ●●●●●● CAPITAL INVESTED                     MFK

  1  1 BROUGHT FORWARD                                    8 493 20-                    40 285 70
  1  1 1986 P/L  NET BALANCE                                             40 285 70                        0 00
                                                                      ------------- -------------
       TRANSACT  & BALANCE                                8 493 20-      40 285 70     40 285 70          0 00

101017    ●●●●●● CAPITAL INVESTED                     HK$

  1  1 BROUGHT FORWARD                                   20 906 16+      27 648 51
  1  1 1986 P/L  NET BALANCE                                                           27 648 51          0 00
                                                                      ------------- -------------
       TRANSACT  & BALANCE                               20 906 16+      27 648 51     27 648 51          0 00
```

```
4201     KOREL ASSETS                                                                        87 05 29  PAGE     4
         LEDGER                      FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                DOC NO CONTRA                           DEBIT         CREDIT       BALANCE

5          ****** ASSETS & LIABILITIES                   US$

515300     ****** LOANS RECEIVABLE                       FS

      TRANSACT  & BALANCE                                                        0 00           0 00          0 00

517401     ****** PRIVATE INVESTMENTS RECEIVABLE         US$

      TRANSACT  & BALANCE                                                        0 00           0 00          0 00

525601     ****** FID  DEPOSIT - CONTINENTAL BANK        US$

      TRANSACT  & BALANCE                                                        0 00           0 00          0 00

526101     ****** FID  DEPOSIT - RNB                     US$

      TRANSACT  & BALANCE                                                        0 00           0 00          0 00

526601     ****** FID  DEPOSIT - CREDIT SUISSE           US$

      TRANSACT  & BALANCE                                                        0 00           0 00          0 00

550300     ****** SECURITIES - GUTZWILLER                FS

      TRANSACT  & BALANCE                                                        0 00           0 00          0 00

550801     ****** SECURITIES - CAN  IMP  BK OF COMMER US$

  1  1 BROUGHT FORWARD             1546000+                               1 546 000 00               1 546 000 00
  8  1
       SALE                        1546000- 8475 5600001                               1 546 000 00
  8  1
       INTEREST TO 30 03 87 AT 0 437        8475 5600001                                   1 521 85
  8  1
       REVERSAL                             8475 5600001                      1 521 85                       0 00
```

H 03061

H 03062

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
550801	SECURITIES - CAN IMP BK OF CO	(SUITE)			
	TRANSACT & BALANCE		1 547 521 85	1 547 521 85	0 00
550900	****** SECURITIES - CREDIT SUISSE	FS			
	TRANSACT & BALANCE		0 00	0 00	0 00
551301	****** SECURITIES - ROSE & COMPANY	US$			
	TRANSACT & BALANCE		0 00	0 00	0 00
551401	****** SECURITIES - BEAR STEARNS	US$			
	TRANSACT & BALANCE		0 00	0 00	0 00
551510	****** SECURITIES - NIKKO	YEN			
	TRANSACT & BALANCE		0 00	0 00	0 00
551600	****** SECURITIES - NOMURA	FS			
	TRANSACT & BALANCE		0 00	0 00	0 00
551601	****** SECURITIES - NOMURA	US$			
	TRANSACT & BALANCE		0 00	0 00	0 00
551610	****** SECURITIES - NOMURA	YEN			
	TRANSACT & BALANCE		0 00	0 00	0 00

```
4201      KOREL ASSETS                                                                          87 05 29  PAGE      6
          LEDGER                         FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                         DOC NO CONTRA                     DEBIT          CREDIT        BALANCE

                                                                                                H 03063
51800     ●●●●●● SECURITIES - MERRILL LYNCH          FS

       TRANSACT  & BALANCE                                                            0 00           0 00           0 00

51801     ●●●●●● SECURITIES - MERRILL LYNCH          US$

 8  1  6 0000 EURO-CD TORONTO DOMINION
       PURCHASE                      1540000+18001 5600001                    1 540 000 00                 1 540 000 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
       REDEMPTION                    1540000-18002 5600001                                 1 540 000 00
 8  4  6 2500 MERRILL LYNCH 8/5/87
       FIDUCIARY DEPOSIT             1563100+18003 5600001                    1 563 100 00                 1 563 100 00
 8  5  6 8750 MERRILL LYNCH 8/7/87
       FIDUCIARY DEPOSIT             1571241+18005 5600001                    1 571 241 00
 8  5  6 2500 MERRILL LYNCH 8/5/87
       REDEMPTION                    1563100-18004 5600001                                 1 563 100 00   1 571 241 00

                                                                             -------------- --------------
       TRANSACT  & BALANCE           1571241+                                 4 674 341 00  3 103 100 00   1 571 241 00

52010     ●●●●●● SECURITIES - WAKO                   YEN

       TRANSACT  & BALANCE                                                            0 00           0 00           0 00

52100     ●●●●●● SECURITIES - DAIWA SECURITIES       FS

       TRANSACT  & BALANCE                                                            0 00           0 00           0 00

52110     ●●●●●● SECURITIES - DAIWA                  YEN

       TRANSACT  & BALANCE                                                            0 00           0 00           0 00
 4201     KOREL ASSETS                                                                87 05 29  PAGE     7
          LEDGER                   FROM 01 01 87 TO 30 06 87

 A/C   NAME & DESCRIPTION                DOC NO CONTRA                         DEBIT         CREDIT       BALANCE

552201     ****** SECURITIES - MORGAN STANLEY         US$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
552212     ****** SECURITIES - MORGAN STANLEY         MFK

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
552220     ****** SECURITIES - MORGAN STANLEY         $AU

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
552417     ****** SECURITIES - REED STENHOUSE         HK$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
552420     ****** SECURITIES - REED STENHOUSE         $AU

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
552701     ****** SECURITIES - STRAUSS TURNBULL       US$

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
552703     ****** SECURITIES - STRAUSS TURNBULL       DM

       TRANSACT  & BALANCE                                                      0 00           0 00           0 00
5600000    ****** CASH ACCOUNT                        FS

  1  1 BROUGHT FORWARD           195000+                824 200 54-             0 00                          0 00
                                                                    -------------  -------------
       TRANSACT  & BALANCE       195000+                824 200 54-             0 00           0 00           0 00
```

```
4201     KOREL ASSETS                                                                            87 05 29  PAGE      8
         LEDGER                       FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                    DOC NO CONTRA                          DEBIT          CREDIT         BALANCE

600001   ■■■■■■ CASH ACCOUNT                           US$

 1  1 BROUGHT FORWARD          584076-                     933 348 66+      1 035 75    H 03065       1 035 75
 8  1
      SALE                    1546000+ 8475 08ICD                     1 546 000 00
 8  1
      INTEREST FM 30 1286 TO 08 01     8475 08ICD                          2 488 09
 8  1
      INTEREST TO 30 03 87 AT 0 437    8475 08ICD                          1 521 85
 8  1  6 0000 EURO-CD TORONTO DOMINION
      PURCHASE                1540000-18001 18ICD10                                   1 540 000 00
 8  1
      REVERSAL                         8475 08ICD                                         1 521 85
 8  1
      INTEREST TO 30 03 87 AT 0. 43    8475 08ICD                          1 521 85                    11 045 69
30  1 MGT FEES 4TH QAURTER 1986        5001 101001                                        3 142 75      7 902 94
 8  4  6 0000 EURO-CD TORONTO DOMINION
      REDEMPTION              1540000+18002 18ICDTO                   1 540 000 00
 8  4  6 0000 EURO-CD TORONTO DOMINION
      INTEREST                1540080+18002 18ICDTO                      23 100 00
 8  4  6 2500 MERRILL LYNCH 8/5/87
      FIDUCIARY DEPOSIT       1563100-18003 18I128A                                   1 563 100 00      7 902 94
21  4 MGT FEES 1ST QUARTER 1987        6001 101001                                          967 17      6 935 77
 8  5  6 8750 MERRILL LYNCH 8/7/87
      FIDUCIARY DEPOSIT       1571241-18005 18I189A                                   1 571 241 00
 8  5  6 2500 MERRILL LYNCH 8/5/87
      REDEMPTION              1563100+18004 18I128A                   1 563 100 00
 8  5 CREDIT INTEREST         1563100+18004 772201                         8 141 15                     6 935 92
                                                                    --------------  --------------
      TRANSACT  & BALANCE     2493783+                     933 348 66+  4 686 908 69  4 679 972 77      6 935 92
```

```
4201     KOREL ASSETS                                                               87 05 29  PAGE     9
         LEDGER                    FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION              DOC NO CONTRA                   DEBIT        CREDIT       BALANCE

5600003    ****** CASH ACCOUNT                     DM

       TRANSACT  & BALANCE                                              0 00          0 00          0 00

5600010    ****** CASH ACCOUNT                     YEN

  1  1 BROUGHT FORWARD         401500+                     2 892 13+    0 00                        0 00
                                                                    ------------- -------------
       TRANSACT  & BALANCE     401500+                     2 892 13+    0 00          0 00          0 00

5600012    ****** CASH ACCOUNT                     MFK

       TRANSACT  & BALANCE                                              0 00          0 00          0 00

5600017    ****** CASH ACCOUNT                     HK$

  1  1 BROUGHT FORWARD           10000+                   20 906 16-    0 00                        0 00
                                                                    ------------- -------------
       TRANSACT  & BALANCE       10000+                   20 906 16-    0 00          0 00          0 00

5600020    ****** CASH ACCOUNT                     $AU

       TRANSACT  & BALANCE                                              0 00          0 00          0 00

5600300    ****** CSF INVOICES                     FS

       TRANSACT  & BALANCE                                              0 00          0 00          0 00
```

721

```
4201     KOREL ASSETS                                                   87 05 29  PAGE     10
         LEDGER                  FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION          DOC NO CONTRA            DEBIT        CREDIT      BALANCE

6          ■■■■■■ CHARGES                  US$

673701     ■■■■■■ BANK CHARGES             US$

       TRANSACT  & BALANCE                                   0 00          0 00         0 00

673710     ■■■■■■ BANK CHARGES             YEN

       TRANSACT  & BALANCE                                   0 00          0 00         0 00
```

ll 03067

722

```
                                                                                 87 05 29  PAGE      11
4201     KOREL ASSETS                    FROM 01 01 87 TO 30 06 87
         LEDGER                                                          DEBIT        CREDIT      BALANCE
                                              DOC NO CONTRA
A/C    NAME & DESCRIPTION

                                                        US$
7           ●●●●●● INCOME

760900     ●●●●●● REAL  GAINS/LOSSES - CREDIT SUISSE  FS
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
761301     ●●●●●● REAL  GAINS/LOSSES - ROSE & CO       US$
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
761401     ●●●●●● REAL  GAINS/LOSSES - BEAR STEARNS    US$
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
761510     ●●●●●● REAL  GAINS/LOSSES - NIKKO           YEN
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
761600     ●●●●●● REAL  GAINS/LOSSES - NOMURA          FS
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
761601     ●●●●●● REAL  GAINS/LOSSES - NOMURA          US$
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
761610     ●●●●●● REAL  GAINS/LOSSES - NOMURA          YEN
                                                                         0 00          0 00         0 00
         TRANSACT  & BALANCE
```

II 05069

```
A/C     NAME & DESCRIPTION                    DOC NO CONTRA                    DEBIT        CREDIT      BALANCE

761800    ****** REAL  GAINS/LOSSES - MERRILL LYNCH  FS
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762010    ****** REAL  GAINS/LOSSES - WAKO SECURITIE YEN
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762110    ****** REAL  GAINS/LOSSES - DAIWA          YEN
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762201    ****** REAL  GAINS/LOSSES - MORGAN STANLEY US$
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762212    ****** REAL  GAINS/LOSSES - MORGAN STANLEY MFK
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762220    ****** REAL  GAINS/LOSSES - MORGAN STANLEY $AU
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762417    ****** REAL  GAINS/LOSSES - REED STENHOUSE HK$
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
762420    ****** REAL  GAINS/LOSSES - REED STENHOUSE $AU
        TRANSACT  & BALANCE                                                      0 00          0 00         0 00
```

724

```
 4201     KOREL ASSETS                                                                       87 05 29  PAGE     13
          LEDGER                          FROM 01 01 87 TO 30 06 87

 A/C   NAME & DESCRIPTION                    DOC NO CONTRA                        DEBIT         CREDIT       BALANCE

762701     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU US$

       TRANSACT  & BALANCE                                                         0 00           0 00           0 00

762703     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU DM

       TRANSACT  & BALANCE                                                         0 00           0 00           0 00

771100     ****** INTEREST EARNED ON BONDS            FS

       TRANSACT  & BALANCE                                                         0 00           0 00           0 00

771101     ****** INTEREST EARNED ON BONDS            US$

  8  1
       INTEREST FM 30 1286 TO 08 01       8475 5600001                                     2 488 09
  8  1
       INTEREST TO 30 03 87 AT 0. 43      8475 5600001                                     1 521 85       4 009 94
  8  4  6 0000 EURO-CD TORONTO DOMINION
       INTEREST                 1540000-18002 5600001                                     23 100 00      27 109 94
                                                                            -------------- --------------
       TRANSACT  & BALANCE      1540000-                                           0 00   27 109 94      27 109 94

771103     ****** INTEREST EARNED ON BONDS            DM

       TRANSACT  & BALANCE                                                         0 00           0 00           0 00

771110     ****** INTEREST EARNED ON BONDS            YEN

       TRANSACT  & BALANCE                                                         0 00           0 00           0 00
```

```
          LEDGER                     FROM 01 01 87 TO 30 06 87

A/C    NAME & DESCRIPTION                 DOC NO CONTRA                     DEBIT         CREDIT        BALANCE

771120    ****** INTEREST EARNED ON BONDS            $AU

       TRANSACT  & BALANCE                                                   0 00           0 00           0 00

771201    ****** DIVIDENDS                           US$

       TRANSACT  & BALANCE                                                   0 00           0 00           0 00

771210    ****** DIVIDENDS                           YEN

       TRANSACT  & BALANCE                                                   0 00           0 00           0 00

771212    ****** DIVIDENDS                           MFK

       TRANSACT  & BALANCE                                                   0 00           0 00           0 00

772100    ****** INTEREST EARNED ON LOANS            FS

       TRANSACT  & BALANCE                                                   0 00           0 00           0 00

772201    ****** INTEREST EARNED ON FTD              US$

  8   5 CREDIT INTEREST          1563100-18004 5600001                                  8 141 15       8 141 15

                                                                   -------------- --------------
       TRANSACT  & BALANCE       1563100-                                    0 00       8 141 15       8 141 15

772301    ****** INCOME ON INVESTMENTS               US$

       TRANSACT  & BALANCE                                                   0 00           0 00           0 00
```

```
4201     KOREL ASSETS                                                          87 05 29  PAGE     15
         LEDGER                      FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                 DOC NO CONTRA                 DEBIT        CREDIT      BALANCE
```

727

II 03072

```
4201     KOREL ASSETS                                                                        87 05 29  PAGE     16
         LEDGER                       FROM 01 01 87 TO 30 06 87

A/C   NAME & DESCRIPTION                DOC NO CONTRA                           DEBIT          CREDIT      BALANCE

9          ****** TRANSIT ACCOUNT                      US$

                                                                    ************** **************
               GRAND TOTALS                                         11 611 466 29 11 611 466 29          0 00

                                                                    ************** **************
```

CSF INVESTMENTS LT
HAMILTON BERMUDA

KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
TRANSIT ACCOUNT		(SUITE)			
****** CAPITAL		US$			
****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		FS			
PMT INV 1121	6105	5600000	5 000 00		5 000 00
PMT INV 1721	7081	5600000	3 000 00		8 000 00
TRANSACT & BALANCE			8 000 00	0 00	8 000 00
121001 ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$			
BROUGHT FORWARD				462 177 76	462 177 76-
TRANSFER		121001	462 177 76		0 00
TR FROM LAKE RESOURCES	5255	5600001		165 000 00	165 000 00-
TR TO K RASHID (GULF MARKETING)	6057	5600001	31 827 64		133 172 36-
4 NEW FUNDS	6087	5600001		50 000 00	183 172 36-
TRANSFER	6196	5600001		7 439 78	190 612 14-
NEW FUNDS	6189	5600001		26 490 00	217 102 14-
NEW FUNDS	6269	5600001		79 167 00	296 269 14-
TR FROM DEFEX	6422	5600001		11 183 00	307 452 14-
TR TO ALBON VALUES CORP	7015	5600001	2 305 32		305 146 82-
7 PMT KLINIK BUCHINGER AM BODENSEE	7117	5600001	769 79		304 377 03-
9 TRANSFER FM U B S FRIBOURG	7286	5600001		258 398 00	562 775 03-
TRANSACT & BALANCE			497 080 51	1 059 855 54	562 775 03
121000 ****** CAPITAL INVESTED		FS			
BROUGHT FORWARD		686 335 00+		205 920 00	
[illegible]			229 14		205 690 36
[illegible]	19500 5032	0411501		18 810 00	

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

03075

A/C	NAME & DESCRIPTION		DOC NO CONTRA		DEBIT	CREDIT	BALANCE
01000	CAPITAL INVESTED		(SUITE)				
8 1	5 6250 ISHII FOOD CO						
	DELIVERY	19000+	5032 21JISHI		18 810 00		205 690 86-
24 4	INV 1183		5600300		5 000 00		200 690 86-
29 4	PMT INV NO 1183		2158 5600300			5 000 00	205 690 86-
16 7	INV 1321		5600300		3 000 00		202 690 86-
22 7	PMT INV NO 1321		3115 5600300			3 000 00	205 690 86-
22 10	DM/SFR AT 0.8275		8091 5600000	10 972 39+	9 079 65		196 611 21-
23 12	SFR/US$ AT 1 6625		8418 5600000	126 893 15+	210 959 87		14 348 66
	TRANSACT & BALANCE			824 200 54+	247 078 66	232 730 00	14 348 66
01001	****** CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD			210 720 00+		10 753 64	
1 1	P/L NET BALANCE YEAR 1985				9 289 41		1 464 23-
2 1	TRANSFER		100001			462 177 76	463 641 99-
8 1	MGT FEES 4TH QUARTER 1985		5001 5600001		1 346 44		462 295 55-
15 1	14 1250 KELLOGS						
	AMORT. BDS PREM.		5030 27JKELLO			94 41	
15 1	14 1250 KELLOGS						
	AMORT. BDS PREM.		5030 27JKELLO		97 41		462 292 55-
17 1	SAFE CUSTODY CHARGE		5135 5600001		145 43		462 147 12-
1 3	16 2500 NEW BRUNSWICK ELECTRIC						
	AMORT. BDS PREM.		5298 27JNEWB			299 92	
1 3	16 2500 NEW BRUNSWICK ELECTRIC						
	AMORT. BDS PREM.		5298 27JNEWB		299 92		462 147 12-
8 4	MGT FEES 1ST QUARTER 1986		6001 5600001		1 696 66		460 450 46-
14 4	US$/AU$ AT .7168		6033 5600001	19 732 97+	14 144 59		446 305 87-
9 5	FOSTER WHEELER CORP.						
	TRANSFER	400-	6196 14FWC			5 313 78	
9 5	PAN AMERICAN WORLD AIRWAY LTD.						
	TRANSFER	200-	6196 14PN			1 600 44	
9 5	6 6250 I B M. CREDIT CORP						
	TRANSFER	10000-	6196 16JIBM			9 987 50	
9 5	11 5000 CANADA						

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4201      KOREL ASSETS
          LEDGER                          FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                      DOC.NO CONTRA                             DEBIT         CREDIT        BALANCE

101001   CAPITAL INVESTED                                     (SUITE)
      TRANSFER                     75000-  6196 27]CANA                                          75 000.00
  9  5 12.0000 HAMERSON PROP.INV DEVPT
      TRANSFER                     25000-  6196 27]HAME                                          25 937.50
  9  5 12.1250 PRUDENTIAL REALTY SEC.'S
      TRANSFER                     50000-  6196 27]PRUR                                          50 294.70
  9  5  8.5000 SOCIETE GENERALE WARRANT
      TRANSFER                        25-  6196 27]SGWT                                           3 175.00
  9  5  7.7500 SONY CORPN. EX WARRANTS
      TRANSFER                     75000-  6196 27]SON                                           64 961.49    682 576.28-
  7  7 MGT FEES 2ND QUARTER 1986            7001 5600001                          2 478.35                    680 097.93-
  9  9 US$/AU$ AT 0.6325                   24001 5600001         23 799.82+      15 053.39                    665 044.54-
 18  9 US$/HK$ AT 7.8035                    7364 5600001                         17 356.38                    647 688.16-
 24  9 AU$/US$ AT .6375                     7378 5600001          9 091.36+       5 795.74                    641 892.42-
 15 10 MGT FEES 3RD QUARTER 1986            8001 5600001                          2 926.01                    638 966.41-
 25 11 MKF/US$ AT 20.455                   22026 5600001        340 285.70+      69 605.44                    569 360.97-
 11 12          COSFIN B.V.
      ADJ QTY                       1-  4435 74]COS4                                  0.00                    569 360.97-
 23 12 SFR/US$ AT 1.6625                    8418 5600001        210 959.87-                    126 893.15
 23 12 DM./US$ AT 1.9858                    8418 5600001         11 188.40-                      5 634.20
 23 12 YEN/US$ AT 1.9858                    8418 5600001        800 474.50-                      4 907.87
 23 12 MKF/US$ AT 4.909                     8418 5600001        300 000 00-                     61 112.24
 23 12 HK$/US$ AT 7.801                     8418 5600001        163 089.01-                     20 906.16
 23 12 AU$/US$ AT 7.801                     8418 5600001         51 266.73-                     34 221.16
 23 12 MGT FEES 4TH QUARTER 86              8428 5600001                          3 144.69                    819 891.06-
                                                                               -------------  -------------
      TRANSACT. & BALANCE          235626-                      933 348 66-     143 379.86     963 270.92     819 891.06-

101003    $$$$$$ CAPITAL INVESTED                            DM.

 22 10 DM/SFR AT 0.8275                     8091 5600003          9 079.65-                     10 972.39      10 972.39-
 23 12 DM./US$ AT 1.9858                    8418 5600003          5 634.20+      11 188.40                        216.01
                                                                               -------------  -------------
      TRANSACT. & BALANCE                                         3 445.45-      11 188.40      10 972.39          216.01
```

II 03076

731

CSF INVESTMENTS LTD.
ERMUDA

201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
1010	****** CAPITAL INVESTED		YEN		H 03077		
1 1	BROUGHT FORWARD			7 800 00-		775 335 00	
1 1	P/L. NET BALANCE YEAR 1985				10 708 00		764 627 00-
2 1	SAFE CUSTODY CHARGES	5154	5600010		106.00		764 521.00-
3 12	YEN/US$ AT 1.9858	8418	5600010	4 907 87+	800 474.50		35 953.50
	TRANSACT. & BALANCE			2 892 13-	811 288 50	775 335 00	35 953 50
01012	****** CAPITAL INVESTED		MFK				
25 11	MKF/US$ AT 20.455	22026	5600012	69 605.44-		340 285 70	340 285.70-
3 12	MKF/US$ AT 4.909	8418	5600012	61 112 24+	300 000.00		40 285.70-
	TRANSACT. & BALANCE			8 493 20-	300 000.00	340 285.70	40 285.70-
01017	****** CAPITAL INVESTED		HK$				
18 9	US$/HK$ AT 7.8035	7364	5600017			135 440.50	135 440.50-
3 12	HK$/US$ AT 7.801	8418	5600017	20 906.16+	163 089.01		27 648 51
	TRANSACT. & BALANCE			20 906.16+	163 089.01	135 440 50	27 648 51
01020	****** CAPITAL INVESTED		$AU				
14 4	US$/AU$ AT .7168	6033	5600020	14 144.59-		19 732.97	19 732.97-
9 9	US$/AU$ AT 0.6325	24001	5600020	15 053.39-		23 799.82	43 532.79-
24 9	AU$/US$ AT .6375	7378	5600020	5 795.74-		9 091.36	52 624 15-
3 12	AU$/US$ AT 7.801	8418	5600020	34 221.16+	51 266.73		1 357.42-
	TRANSACT. & BALANCE			772.56-	51 266.73	52 624 15	1 357.42-

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE

CSF INVESTMENTS LTD.
HAMILTON · BERMUDA

```
201     KOREL ASSETS
        LEDGER                         FROM 01 01 86 TO 31 12 86

/C.   NAME & DESCRIPTION              DOC.NO CONTRA                          DEBIT       CREDIT       BALANCE

        ****** ASSETS & LIABILITIES                US$

                                                                                   # 03079
15300   ****** LOANS RECEIVABLE                    FS

 1  1 BROUGHT FORWARD           60200+                               60 200 00                  60 200.00
 4 12  6.2500 PN.8315 . 6 YEARS
      PN 8315 RIEMBURSEMENT     60200- 8324 5600000                              60 200.00           0.00
                                                                  -------------- -------------
      TRANSACT. & BALANCE                                            60 200.00   60 200.00           0.00

17401   ****** PRIVATE INVESTMENTS RECEIVABLE      US$

28  3         COSFIN B.V.
      INVESTMENTS COSFIN NO 4   30000+15222 5600001                  30 000.00                  30 000.00
30  4         COSFIN B.V.
      INT APRIL AT 10%            250+ 2227 772301                      250.00                  30 250.00
31  5         COSFIN B.V.
      INTEREST MAY AT 9.50%       239+ 2311 772301                      239.48                  30 489.48
30  6         COSFIN B.V.
      INTEREST JUNE               241+ 2476 772301                      241.36                  30 730.84
31  7         COSFIN B.V.
      INTEREST JULY               243+ 3231 772301                      243.29                  30 974.13
31  8         COSFIN B.V.
      INTEREST AUGUST             226+ 3296 772301                      225.85                  31 199.98
 5  9  7.0000 COSFIN BV
      INVESTMENT               250000+ 3519 5600001                 250 000.00
 5  9  7.0000 COSFIN BV
      INVESTMENT                40000+ 3519 5600001                  40 000.00                 321 199.98
30  9         COSFIN B.V.
      INTEREST SEPT 8.5%          221+ 3480 772301                      221.00                 321 420.98
31 10         COSFIN B.V.
      INTEREST OCTOBER 8.5%       222+ 4146 772301                      222.57                 321 643.55
30 11         COSFIN B.V.
      INTEREST                    224  4325 772301                      224.14                 321 867.69
```

734

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

03080

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
517401	PRIVATE INVESTMENTS RECEIVABLE	(SUITE)			
11 12	COSFIN B.V.				
	INTEREST	82+ 4436 772301	81.63		
11 12	COSFIN B V.				
	ADJ QTY	1+ 4435 101001	0.00		
11 12	COSFIN B.V.				
	REDEMPTION	31949- 4435 5600001		31 949.32	
11 12	7.0000 COSFIN BV				
	REDEMPTION	290000- 4436 5600001		290 000.00	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		321 949.32	321 949.32	0.00
525601	****** FID. DEPOSIT - CONTINENTAL BANK	US$			
6 3	7.7500 CONTINENTAL BANK 07/04/8				
	FIDUCIARY DEPOSIT	175000+ 5317 5600001	175 000.00		175 000.00
7 4	7.7500 CONTINENTAL BANK 07/04/8				
	REDEMPTION	175000- 6015 5600001		175 000.00	
7 4	7.2500 CONTINENTAL BANK 09/06/8				
	FIDUCIARY DEPOSIT	176000+ 6016 5600001	176 000.00		176 000.00
9 6	7.2500 CONTINENTAL BANK 09/06/8				
	REDEMPTION	176000- 6317 5600001		176 000.00	
9 6	7.0625 CONTINENTAL BANK 09/07/8				
	FIDUCIARY DEPOSIT	178000+ 6318 5600001	178 000.00		178 000.00
9 7	7.0625 CONTINENTAL BANK 09/07/8				
	REDEMPTION	178000- 7025 5600001		178 000.00	
9 7	6.8750 CONTINENTAL BANK 11 08 8				
	FIDUCIARY DEPOSIT	179000+ 7026 5600001	179 000.00		179 000.00
11 8	6.8750 CONTINENTAL BANK 11.08.8				
	REDEMPTION	179000- 7187 5600001		179 000.00	
11 8	6.3750 CONTINENTAL BANK 11.09.8				
	FIDUCIARY DEPOSIT	180000+ 7188 5600001	180 000.00		180 000.00
11 9	6.3750 CONTINENTAL BANK 11 09 8				
	REDEMPTION	180000- 7315 5600001		180 000.00	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		888 000.00	888 000.00	0.00

```
4201     KOREL ASSETS                                                                              CSF INVESTMENTS LTD.
         LEDGER                      FROM 01 01 86 TO 31 12 86                                       HAMILTON, BERMUDA

A/C   NAME & DESCRIPTION                DOC NO CONTRA                          DEBIT          CREDIT         BALANCE

26101    ****** FID. DEPOSIT - RNB                   US$
                                                                                              || 03081
18  6   5.2500 RNB NEW YORK CALL
        ON CALL                   30000+ 6446 5600001                      30 000.00                        30 000.00
 2  7   5.2500 RNB NEW YORK CALL
        OFF CALL                  30000- 7175 5600001                                      30 000.00             0.00
 7  7   5.2500 RNB NEW YORK CALL
        ON CALL                   30000+ 7175 5600001                      30 000.00                        30 000.00
15  7   5.2500 RNB NEW YORK CALL
        ON CALL                   80000+ 7175 5600001                      80 000.00                       110 000.00
18  8   6.0000 R.N.B. 02/09/86
        FIDUCIARY DEPOSIT        110000+ 7356 5600001                     110 000.00                       220 000.00
21  8   5.2500 RNB NEW YORK CALL
        OFF CALL                 110000- 7353 5600001                                     110 000.00       110 000.00
28  8   5.2500 RNB NEW YORK CALL
        ON  CALL                 110000+ 7353 5600001                     110 000.00                       220 000.00
29  8   5.2500 RNB NEW YORK CALL
        OFF CALL                 110000- 7353 5600001                                     110 000.00
29  8   5.3750 R.N.B. 03/09/86
        FIDUCIARY DEPOSIT        110000+ 7358 5600001                     110 000.00                       220 000.00
 2  9   6.0000 R.N.B. 02/09/86
        REDEMPTION               110000- 7357 5600001                                     11[illegible] 000.00       110 000.00
 3  9   5.3750 R.N.B. 03/09/86
        REDEMPTION               110000- 73[illegible]9 5[illegible]0001                                     110 000.00             0.00
11  9   5.2500 RNB NEW YORK CALL
        ON CALL                  110000+ 7438 5600001                     110 000.00                       110 000.00
10 11   5.2500 RNB NEW YORK CALL
        OFF CALL                 110000- 8199 5600001                                     110 000.00             0.00

                                                                      -------------- --------------
        TRANSACT. & BALANCE                                               580 000.00     580 000.00             0.00
```

CSF INVESTMENTS LTD.
HAMILT[illegible]RMUDA

03032

```
4201      KOREL ASSETS
          LEDGER                    FROM 01 01 86 TO 31 12 86

A/C.   NAME & DESCRIPTION              DOC.NO CONTRA                     DEBIT          CREDIT        BALANCE

526601     ###### FID. DEPOSIT - CREDIT SUISSE        US$

 9  6  6.1250 CALL CREDIT SUISSE
       ON CALL                 125000+ 6290 5600001                  125 000.00                    125 000.00
16  6  6.1250 CALL CREDIT SUISSE
       OFF CALL                125000- 6320 5600001                                 125 000.00           0.00
20  6  6.1250 CALL CREDIT SUISSE
       ON  CALL                100000+ 6361 5600001                  100 000.00                    100 000.00
24  6  6.1250 CALL CREDIT SUISSE
       OFF CALL                100000- 6383 5600001                                 100 000.00           0.00
                                                                 -------------- --------------
       TRANSACT. & BALANCE                                           225 000.00     225 000.00           0.00

550300     ###### SECURITIES - GUTZWILLER             FS

       TRANSACT. & BALANCE                                                 0.00           0.00           0.00

550801     ###### SECURITIES - CAN. IMP. BK OF COMMER US$

30 12  6.4375 CIBC CERTIFICATES DEPOSI
       PURCHASE               1546000+ 8475 5600001                1 546 000.00                  1 546 000.00
                                                                 -------------- --------------
       TRANSACT. & BALANCE    1546000+                             1 546 000.00           0.00   1 546 000.00

550900     ###### SECURITIES - CREDIT SUISSE          FS

 1  1  BROUGHT FORWARD          65000+                                65 000.00                     65 000.00
 8  1  5.6250 ISHII FOOD CO.
       DELIVERY                 19000+ 5032 101000                    18 810.00                     83 810.00
 4  4  1.7500 SUMITOMO EL. IND.  CV
       SALE                     10000- 9002 5600000                                  13 408.69
 4  4  1.7500 SUMITOMO EL. IND.  CV
       GAIN                             760900                         3 258.69                     73 660.00
 9  4  1.8750 ITOHAM FOODS INC. SFR WT
```

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03083

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
50900	SECURITIES - CREDIT SUISSE (SUITE)				
	PURCHASE	10000+ 6072 5600000	9 940 00		
9 4	1 8750 ITOHAM FOODS INC. SFR WT				
	SALE	10000- 6072 5600000		11 413 51	
9 4	1 8750 ITOHAM FOODS INC. SFR WT				
	GAIN	760900	1 473.51		73 660.00
8 7	8750 ELECTRO CHEMICAL (EX DEN				
	PURCHASE	10000+ 9008 5600000	9 955.00		83 615.00
10 10	5 6250 MITSUBA ELECTRIC MFG				
	AMORT. BDS PREM	8027 *	26 73		83 641 73
18 11	.8750 ELECTRO CHEMICAL (EX DEN				
	SALE	10000- 9012 5600000		9 005.32	
18 11	.8750 ELECTRO CHEMICAL (EX DEN				
	LOSS	760900		949.68	73 686 73
15 12	5.6250 ISHII FOOD CO.				
	SALE	19000- 8338 5600000		19 095 00	
15 12	5 6250 ISHII FOOD CO.				
	GAIN	760900	285.00		54 876.73
18 12	6 7500 VILLE DE LAVAL				
	SALE	30000- 9015 5600000		29 759 35	•
18 12	6.7500 VILLE DE LAVAL				
	LOSS	760900		240 65	
18 12	5 6250 MITSUBA ELECTRIC MFG				
	SALE	25000- 9014 5600000		24 869.03	
[illegible] 12	5 6250 MITSUBA ELECTRIC MFG				
	LOSS	760900		7 70	0 00
			--------------	--------------	
	TRANSACT. & BALANCE /		108 748 93	108 748 93	0 00
551301	****** SECURITIES - ROSE & COMPANY US$				
1 1	BROUGHT FORWARD	1800+	15 500.00		15 500.00
1 5	XIDEX CORP				
	SALE	500-13005 5600001		9 282 50	
1 5	XIDEX CORP.				
	GAIN	761301	2 782 50		9 000.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

‖ 03084

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
551301	SECURITIES - ROSE & COMPANY	(SUITE)			
16 10	UNIT DRILLING & EXPL. CO. EXCHANGE	800- 8204 5600001		2 500 00	
16 10	UNIT CORPORATION EXCHANGE	800+ 8204 5600001	2 500.00		9 000.00
22 12	UNIT CORPORATION SALE	800-13008 5600001		935.96	
22 12	UNIT CORPORATION LOSS	761301		1 564.04	
22 12	XIDEX CORP SALE	500-13009 5600001		5 710 00	
22 12	XIDEX CORP LOSS	761301		790 00	0.00
	TRANSACT. & BALANCE		20 782.50	20 782 50	0 00
551401	****** SECURITIES - BEAR STEARNS	US$			
1 1	BROUGHT FORWARD	105200+	156 060 33		156 060 33
5 2	EMERY AIR FREIGHT CORP SALE	1000- 5330 5600001		18 628 92	
5 2	EMERY AIR FREIGHT CORP GAIN	761401	1 663 51		139 094 92
10 2	EMERY AIR FREIGHT CORP SALE	1000-14041 5600001		18 334 38	
10 2	EMERY AIR FREIGHT CORP GAIN	761401	1 368 96		122 129 50
11 2	BATTLE MOUNTAIN GOLD CO PURCHASE	1500+14042 5600001	21 937 50		144 067.00
18 2	ALA MOANA HAWAII RED. PURCH. PRICE	5332 5600001		4 500.00	139 567.00
4 3	LTV CORP. PURCHASE	100+14047 5600001	656.00		140 223 00
26 3	LTV CORP SALE	100- 5411 5600001		964 96	
26 3	LTV CORP				

739

4201 KOREL ASSETS

LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
51401	SECURITIES - BEAR STEARNS		(SUITE)			
	GAIN		761401	308.96		139 567.00
2 5	CHESEBROUGH - PONDS INC.					
	SALE	100-14063	5600001		4 895.64	
2 5	CHESEBROUGH - PONDS INC.					
	GAIN		761401	841.14		135 512.50
9 5	FOSTER WHEELER CORP.					
	TRANSFER	400+ 6196	101001	5 313.78		
9 5	PAN AMERICAN WORLD AIRWAY LTD.					
	TRANSFER	200+ 6196	101001	1 600.44		142 426.72
1 8	15.2500 PROV. OF NOVA SCOTIA					
	AMORT. BDS PREM.	7351	■	1 379.01		143 805.73
5 9	15.0000 SPERRY RAND CURACAO					
	SALE	50000-14094	5600001		50 750.00	
5 9	15.0000 SPERRY RAND CURACAO					
	LOSS		761401		2 750.00	90 305.73
9 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	750-14083	5600001		13 950.00	
9 9	BATTLE MOUNTAIN GOLD CO.					
	GAIN		761401	2 981.25		79 336.98
12 9	MOBIL CORP					
	SALE	100-14089	5600001		3 841.54	
12 9	MOBIL CORP					
	GAIN		761401	866.54		76 361.98
19 9	MCI COMMUNICATIONS CORP					
	PURCHASE	500+14085	5600001	3 812.50		80 174.48
24 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	510-14092	5600001		9 881.25	
24 9	BATTLE MOUNTAIN GOLD CO.					
	GAIN		761401	2 422.50		72 715.73
25 9	BATTLE MOUNTAIN GOLD CO.					
	SALE	240-14088	5600001		4 650.00	
25 9	BATTLE MOUNTAIN GOLD CO.					
	GAIN		761401	1 140.00		69 205.73
29 9	MCI COMMUNICATIONS CORP					
	SALE	60-14091	5600001		472.50	
29 9	MCI COMMUNICATIONS CORP					

CSF INVESTMENTS LTD.
HAMILT[illegible]ERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
551401	SECURITIES - BEAR STEARNS		(SUITE)			
	GAIN		761401	15.00 A 03086		68 748.23
12 11	CITIZENS FINANCIAL GROUP INC					
	PURCHASE	1000+14100	5600001	37 838.03		106 586.26
17 12	CITIZENS FINANCIAL GROUP INC					
	SALE	1000-14101	5600001		37 762.70	
17 12	CITIZENS FINANCIAL GROUP INC					
	LOSS		761401		75.33	
17 12	FOSTER WHEELER CORP.					
	SALE	400-14102	5600001		5 016.02	
17 12	FOSTER WHEELER CORP.					
	LOSS		761401		297.76	
17 12	MCI COMMUNICATIONS CORP					
	SALE	440-14105	5600001		3 135.00	
17 12	MCI COMMUNICATIONS CORP					
	LOSS		761401		220.00	
17 12	PAN AMERICAN WORLD AIRWAY LTD.					
	SALE	200-14106	5600001		944.50	
17 12	PAN AMERICAN WORLD AIRWAY LTD.					
	LOSS		761401		655.94	
17 12	ALA MOANA HAWAII					
	SALE	3000-14110	5600001		1 199.52	
17 12	ALA MOANA HAWAII					
	GAIN		761401	599.52		57 879.01
19 12	15.2500 PROV. OF NOVA SCOTIA					
	SALE	50000-14116	5600001		57 500.00	
19 12	15.2500 PROV. OF NOVA SCOTIA					
	LOSS		761401		379.01	0.00
	TRANSACT. & BALANCE			240 804.97	240 804.97	0.00

741

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

H 03087

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
51510	****** SECURITIES - NIKKO		YEN			
1 1	BROUGHT FORWARD	550+		290 400.00		290 400.00
6 6	TOKIO MARINE FIRE PURCHASE	300+15041	5600010	372 368.00		662 768.00
15 7	TOKIO MARINE FIRE SALE	300-15047	5600010		384 330.00	
15 7	TOKIO MARINE FIRE GAIN		761510	11 962.00		
15 7	TEIKOKU TSUSHIN (6763) SALE	550-15045	5600010		303 776.00	
15 7	TEIKOKU TSUSHIN (6763) GAIN		761510	13 376.00		0.00
	TRANSACT. & BALANCE			688 106.00	688 106.00	0.00
551600	****** SECURITIES - NOMURA		FS			
30 7	.8750 AOKI CORPORATION OSAKA (PURCHASE	6000+16033	5600000	5 973.00		5 973.00
12 9	.8750 AOKI CORPORATION OSAKA (SALE	6000-16042	5600000		6 090.00	
12 9	.8750 AOKI CORPORATION OSAKA (GAIN		761600	117.00		0.00
	TRANSACT. & BALANCE			6 090.00	6 090.00	0.00
551601	****** SECURITIES - NOMURA		US$			
9 5	6.6250 I.B.M. CREDIT CORP. TRANSFER	10000+ 6196	101001	9 987.50		
9 5	6.6250 I.B.M. CREDIT CORP. ADJ. PURCHASE	4000-16022	5600001		3 995.00	5 992.50
22 12	6.6250 I.B.M. CREDIT CORP.					

CSF INVESTMENTS LTD.

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

11 03068

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
551601	SECURITIES - NOMURA	(SUITE)			
	SALE	6000-16051 5600001		5 970.00	
22 12	6.6250 I.B.M. CREDIT CORP LOSS	761601		22.50	0.00
			--------------	--------------	
	TRANSACT. & BALANCE		9 987.50	9 987.50	0.00
551610	****** SECURITIES - NOMURA	YEN			
1 1	BROUGHT FORWARD	100000+	103 000.00		103 000.00
1 7	7.1250 PROVINCE OF NEW BRUNSWIC AMORT. BDS PREM.	7146 #16]NEW		220.19	102 779.81
4 8	3.6000 SHIMACHU CO.,LTD. PURCHASE	300000+60340 5600010	426 384.00		529 163.81
8 12	3.6000 SHIMACHU CO.,LTD. SALE	300000-16050 5600010		371 831.25	
8 12	3.6000 SHIMACHU CO.,LTD. LOSS	761610		54 552.75	102 779.81
15 12	7.1250 PROVINCE OF NEW BRUNSWIC SALE	100000- 8332 5600010		107 375.00	
15 12	7.1250 PROVINCE OF NEW BRUNSWIC GAIN	761610	4 595.19		0.00
			--------------	--------------	
	TRANSACT. & BALANCE		533 979.19	533 979.19	0.00
551800	****** SECURITIES - MERRILL LYNCH	FS			
1 1	BROUGHT FORWARD	60000+	60 000.00		60 000.00
19 12	6.0000 WORLD BANK SALE	60000- 8326 5600000		61 800.00	
19 12	6.0000 WORLD BANK GAIN	761800	1 800.00		0.00
			--------------	--------------	
	TRANSACT. & BALANCE		61 800.00	61 800.00	0.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

II 03089

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
51801	****** SECURITIES - MERRILL LYNCH	US$			
	TRANSACT & BALANCE		0 00	0 00	0 00
52010	****** SECURITIES - WAKO	YEN			
28 1	TOYODA MACHINE WORKS PURCHASE	400+20008 5600010	381 780.00		381 780 00
30 4	TOYODA MACHINE WORKS SALE	400-20016 5600010		382 908 00	
30 4	TOYODA MACHINE WORKS GAIN	762010	1 128.00		0 00
			--------------	--------------	
	TRANSACT. & BALANCE		382 908 00	382 908 00	0 00
52100	****** SECURITIES - DAIWA SECURITIES	FS			
1 1	BROUGHT FORWARD	19000+	18 810.00		18 810 00
8 1	5.6250 ISHII FOOD CO. DELIVERY	19000- 5032 101000		18 810 00	0 00
			--------------	--------------	
	TRANSACT. & BALANCE		18 810.00	18 810.00	0 00
52110	****** SECURITIES - DAIWA	YEN			
4 8	4.8000 MAZDA CV PURCHASE	200000+21086 5600010	217 296.00		217 296.00
11 8	SUMITOMO MARINE PURCHASE	40+21089 5600010	40 304.00		257 600.00
19 8	SUMITOMO MARINE SALE	40-21094 5600010		44 964.52	
19 8	SUMITOMO MARINE GAIN	762110	4 660.52		
19 8	NIPPON SHEET GLASS				

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
552110	SECURITIES - DAIWA		(SUITE)			
	PURCHASE	50+21093	5600010	40 129.10	II 03090	257 425.10
27 8	4.8000 MAZDA CV					
	SALE	200000-21104	5600010		231 099 74	
27 8	4.8000 MAZDA CV					
	GAIN		762110	13 803.74		40 129.10
16 9	NIPPON SHEET GLASS					
	SALE	50-21107	5600010		44 442.50	
16 9	NIPPON SHEET GLASS					
	GAIN		762110	4 313 40		0.00
17 9	2.0000 MATSUSHITA EL WORKS CV 3					
	PURCHASE	100000+21109	5600010	145 000.00		145 000.00
1 10	2.0000 MATSUSHITA EL WORKS CV 3					
	SALE	100000-21112	5600010		163 275.76	
1 10	2.0000 MATSUSHITA EL WORKS CV 3					
	GAIN		762110	18 275.76		0.00
				--------------	--------------	
	TRANSACT. & BALANCE			483 782.52	483 782.52	0.00
552201	****** SECURITIES - MORGAN STANLEY		US$			
1 1	BROUGHT FORWARD	1+		859 20		859.20
13 1	KOMONI PRINTING WTS DUE 20/12/89					
	PURCHASE	5+22011	5600001	1 900.00		2 759 20
19 2	KOMONI PRINTING WTS DUE 20/12/89					
	SALE	5-22015	5600001		2 300.00	
19 2	KOMONI PRINTING WTS DUE 20/12/89					
	GAIN		762201	400.00		859 20
31 3	CALL CHESEBROUGH 100 SH $35					
	SALE	1-22018	5600001		1 237.36	
31 3	CALL CHESEBROUGH 100 SH $35					
	GAIN		762201	378.16		0.00
				--------------	--------------	
	TRANSACT. & BALANCE			3 537.36	3 537.36	0.00

```
                                                                            CSF INVESTMENTS LTD.
                                                                              HAMILTON BERMUDA
4201      KOREL ASSETS
          LEDGER                    FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION               DOC.NO CONTRA                DEBIT       CREDIT       BALANCE
                                                                              H 03091
552212     ###### SECURITIES - MORGAN STANLEY       MFK

 25 11 POHJOLA  (NEWS) B
       PURCHASE                  4000+22026 5600012             340 285.70               340 285.70
 22 12 POHJOLA  (NEWS) B
       SALE                      4000-22030 5600012                          300 000.00
 22 12 POHJOLA  (NEWS) B
       LOSS                                 762212                            40 285 70        0.00
                                                             -------------- --------------
       TRANSACT  & BALANCE                                      340 285.70   340 285.70        0.00

552220     ###### SECURITIES - MORGAN STANLEY       $AU

  7  3 14.2500 SCANDINAVIAN AIRLINE SYS
       PURCHASE                 20000+ 5418 5600020              19 725.00                19 725.00
 22 12 14.2500 SCANDINAVIAN AIRLINE SYS
       SALE                     20000-22028 5600020                           20 050.00
 22 12 14.2500 SCANDINAVIAN AIRLINE SYS
       GAIN                                 762220                  325.00                     0.00
                                                             -------------- --------------
       TRANSACT  & BALANCE                                       20 050.00    20 050.00        0.00

552417     ###### SECURITIES - REED STENHOUSE       HK$

 12  9 HONG KONG LAND
       PURCHASE                 20000+24002 5600017             135 440.50               135 440.50
 16 10 DAIRY FARM
       RCVD FREE 1 X 2 H.K. LAND  10000+24004 *                  15 440.50
 16 10 HONG KONG LAND
       RCVD FREE 1 X 2 H.K. LAND       24004 *24DF                            15 440.50   135 440.50
  4 11 DAIRY FARM
       SALE                      2000-24005 5600017                            4 961.25
  4 11 DAIRY FARM
       GAIN                                 762417                1 873.15
```

CSF INVESTMENTS LTD.
HA[illegible]LT[illegible] [illegible]RMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03092

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
552417	SECURITIES - REED STENHOUSE		(SUITE)			
4 11	HONG KONG LAND					
	PURCHASE	764+24006	5600017	4 960.44		137 312 84
17 12	HONG KONG LAND					
	SALE	20764-24008	5600017		134 759.08	
17 12	HONG KONG LAND					
	GAIN		762417	9 798.64		
17 12	DAIRY FARM					
	COST ON DAIRY FARM	24007	5600017	6 254.54		
17 12	DAIRY FARM					
	SALE	8000-24007	5600017		34 583.66	
17 12	DAIRY FARM					
	GAIN		762417	15 976.72		0.00
	TRANSACT. & BALANCE			189 744.49	189 744.49	0.00
552420	****** SECURITIES - REED STENHOUSE		$AU			
9 9	TECHNOMIN					
	PURCHASE	50000+24001	5600020	23 799 82		23 799.82
23 9	TECHNOMIN					
	PURCHASE	20000+24003	5600020	9 091.36		32 891.18
23 12	TECHNOMIN					
	SALE	70000-24009	5600020		28 952.56	
23 12	TECHNOMIN					
	LOSS		762420		3 938.62	0 00
	TRANSACT. & BALANCE			32 891.18	32 891.18	0.00
552701	****** SECURITIES - STRAUSS TURNBULL		US$			
1 1	BROUGHT FORWARD	275000+		289 857 50		289 857 50
15 1	14.1250 KELLOGS					
	AMORT. BDS PREM.	5030	101001		97.41	289 760.09
28 2	11 5000 AUSTRALIAN IND. DEVPT. C					

74'

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
52701	SECURITIES - STRAUSS TURNBULL (SUITE)					
	AMORT BDS PREM		*27JAIDC	II 03093	904 96	288 855.13
1 3	16.2500 NEW BRUNSWICK ELECTRIC					
	AMORT BDS PREM	5298	101001		299 92	288 555 21
26 3	9.2500 EMI FINANCE BV					
	PURCHASE	20000+27043	5600001	20 000.00		308 555.21
9 4	14.1250 KELLOGS					
	SALE	85000-27045	5600001		93 712.50	
9 4	14.1250 KELLOGS					
	GAIN		762701	1 653 65		
9 4	14.1250 KELLOGS					
	PURCHASE	60000+27044	5600001	66 975.00		
9 4	14.1250 KELLOGS					
	LOSS		762701		756 24	282 715 12
6 5	8.5000 SOCIETE GENERALE WARRANT					
	PURCHASE	50+27053	5600001	6 350.00		289 065.12
9 5	11.5000 CANADA					
	TRANSFER	75000+ 6196	101001	75 000.00		
9 5	12.0000 HAMERSON PROP INV DEVPT					
	TRANSFER	25000+ 6196	101001	25 937.50		
9 5	12.1250 PRUDENTIAL REALTY SEC.'S					
	TRANSFER	50000+ 6196	101001	50 294.70		
9 5	8.5000 SOCIETE GENERALE WARRANT					
	TRANSFER	25+ 6196	101001	3 175.00		
9 5	7.7500 SONY CORPN. EX WARRANTS					
	TRANSFER	75000+ 6196	101001	64 961.49		508 433 81
16 6	14.7500 UNION CARBIDE					
	PURCHASE	11000+27059	5600001	11 385.00		519 818 81
2 7	HIRAM WALKER					
	PURCHASE	130000+27066	5600001	98 150.00		617 968.81
15 7	9.7500 BOWATER CORPORATION					
	REDEMPTION	15000-27070	5600001		15 000.00	
15 7	9.75J0 BOWATER CORPORATION					
	GAIN		762701	17 50		602 986 31
18 7	HIRAM WALKER					
	SALE	91000-27067	5600001		70 297.50	
18 7	HIRAM WALKER					

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD.

H 03094

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
552701	SECURITIES - STRAUSS TURNBULL (SUITE)					
	GAIN		762701	1 592.50		534 281.31
21 7	8.5000 SOCIETE GENERALE WARRANT					
	SALE	75-27069	5600001		9 891.04	
21 7	8.5000 SOCIETE GENERALE WARRANT					
	GAIN		762701	366.04		524 756.31
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	PURCHASE	100000+27075	5600001	100 000.00		624 756.31
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	PURCHASE	50000+27076	5600001	6 750.00		631 506.31
26 9	12.0000 BANK OF AMERICA					
	PURCHASE	100000+27077	5600001	101 000.00		732 506.31
2 12	9.2500 EMI FINANCE BV					
	REIMBURSEMENT	20000-27098	5600001		20 200.00	
2 12	9.2500 EMI FINANCE BV					
	GAIN		762701	200.00		712 506.31
15 12	16.2500 NEW BRUNSWICK ELECTRIC					
	SALE	10000- 8350	5600001		11 700.00	
15 12	16.2500 NEW BRUNSWICK ELECTRIC					
	GAIN		762701	574.92		
15 12	14.7500 UNION CARBIDE					
	SALE	11000- 8356	5600001		11 330.00	
15 12	14.7500 UNION CARBIDE					
	LOSS		762701		55.00	689 996.23
19 12	12.1250 PRUDENTIAL REALTY SEC.'S					
	SALE	50000-27081	5600001		59 500.00	
19 12	12.1250 PRUDENTIAL REALTY SEC.'S					
	GAIN		762701	9 205.30		
19 12	1.0870 S.N.C.F. PART.PAID 15/9/					
	SALE	50000-27084	5600001		5 562.50	
19 12	1.0870 S.N.C.F. PART.PAID 15/9/					
	LOSS		762701		1 187.50	
19 12	7.0000 MITEL CORP. CV EXTL 97					
	SALE	100000-27086	5600001		122 000.00	
19 12	7.0000 MITEL CORP. CV EXTL 97					
	GAIN		762701	15 000.00		
19 12	12.0000 HAMERSON PROP.INV DEVPT					

H 03095

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
52701	SECURITIES - STRAUSS TURNBULL (SUITE)				
	SALE	25000-27087 5600001		27 625 00	
19 12	12 0000 HAMERSON PROP INV DEVPT				
	GAIN	762701	1 687 50		
19 12	HIRAM WALKER				
	SALE	39000-27088 5600001		31 005.00	
19 12	HIRAM WALKER				
	GAIN	762701	1 560 00		
19 12	12.0000 BANK OF AMERICA				
	SALE	100000-27089 5600001		101 000 00	
19 12	11 5000 CANADA				
	SALE	75000-27091 5600001		84 375.00	
19 12	11.5000 CANADA				
	GAIN	762701	9 375 00		
19 12	11.5000 AUSTRALIAN IND. DEVPT. C				
	SALE	90000-27092 5600001		99 450 00	
19 12	11.5000 AUSTRALIAN IND. DEVPT. C				
	GAIN	762701	4 842.46		
19 12	9 0000 R.H.M. OVERSEAS FINANCE				
	SALE	100000-27093 5600001		100 500.00	
19 12	9.0000 R.H.M. OVERSEAS FINANCE				
	GAIN	762701	500 00		
19 12	7 7500 SONY CORPN. EX WARRANTS				
	SALE	75000-27095 5600001		75 000 00	
19 12	7 7500 SONY CORPN. EX WARRANTS				
	GAIN	762701	10 038 51		
19 12	9 8750 PROCTER & GAMBLE COMPANY				
	SALE	35000-27097 5600001		37 275 00	
19 12	9 8750 PROCTER & GAMBLE COMPANY				
	GAIN	762701	2 275.00		0 00
	TRANSACT. & BALANCE		978 724 57	978 724 57	0 00

750

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

03096

```
4201      KOREL ASSETS
          LEDGER                        FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                     DOC NO CONTRA                              DEBIT        CREDIT       BALANCE

552703    ###### SECURITIES - STRAUSS TURNBULL        DM.

22 10  7.2500 KINGDOM OF SWEDEN
      PURCHASE                   10000+ 8091 5600003                       10 450.00                   10 450.00
15 12  7.2500 KINGDOM OF SWEDEN
      SALE                       10000- 8343 5600003                                    10 550.00
15 12  7.2500 KINGDOM OF SWEDEN
      GAIN                               762703                               100.00                        0.00
                                                                      ------------- -------------
      TRANSACT. & BALANCE                                                  10 550.00    10 550.00           0.00

5600000   ###### CASH ACCOUNT                        FS

 1  1 BROUGHT FORWARD            313200-              686 335.00-          1 680.86                     1 680.86
 3  1 PN 8315 INT. DECEMBER 1985        5010 772100                          324.00                     2 004.86
 5  2 PN 8315 INT JAN 86                1180 772100                          324.00                     2 328.86
 5  3 PN 8315 INT FEB.                  1355 772100                          292.64                     2 621.50
31  3  1.7500 SUMITOMO EL. IND.  CV
      CREDIT INTEREST            10000+ 5400 09JSU E                          87.50                     2 709.00
 1  4  6.0000 WORLD BANK
      CREDIT INTEREST 22/3/86    60000+ 6418 18JWORB                       3 600.00                     6 309.00
 2  4  6.7500 VILLE DE LAVAL
      CREDIT INTEREST            30000+ 6013 09JVILL                       2 025.00                     8 334.00
 4  4  1.7500 SUMITOMO EL. IND.  CV
      SALE                       10000+ 9002 09JSU E                      13 408.69
 4  4  1.7500 SUMITOMO EL. IND.  CV
      CREDIT INTEREST            10000+ 9002 09JSU E                           1.94                    21 744.63
 7  4 PN 8315 INT. MARCH 86             6017 772100                          324.00                    22 068.63
 9  4  1.8750 ITOHAM FOODS INC. SFR WT
      PURCHASE                   10000- 6072 09JITOH                                     9 940.00
 9  4  1.8750 ITOHAM FOODS INC. SFR WT
      SALE                       10000+ 6072 09JITOH                      11 413.51                    23 542.14
29  4 PMT INV. 1183                     6105 100000                                      5 000.00      18 542.14
 1  5 PN 8315 INT. APRIL 86             6132 772100                          313.54                    18 855.68
 9  6 FN 8315 INT. MAY 86               6297 772100                          313.54                    19 169.22
```

751

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

H 03097

CSF INVESTMENTS LTD.
HAMILT [illegible] ERMUDA

A/C.	NAME & DESCRIPTION		DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
5600000	CASH ACCOUNT			(SUITE)				
8 7	.8750 ELECTRO CHEMICAL (EX DEN							
	PURCHASE	10000-	9008	09]DENK			9 955.00	9 214.22
14 7	PN 8315 INT. JUNE 86		7038	772100		313.54		9 527.76
21 7	PMT INV. 1321		7081	100000			3 000.00	6 527.76
30 7	.8750 AOKI CORPORATION OSAKA (							
	PURCHASE	6000-	16033	16]AOKI			5 973.00	554.76
6 8	PN 8315 INT. JULY 86		7167	772100		324.00		878.76
8 9	PN 8315 INT. AUGUST 86		7341	772100		324.00		1 202.76
12 9	.8750 AOKI CORPORATION OSAKA (							
	SALE	6000+	16042	16]AOKI		6 090.00		
12 9	.8750 AOKI CORPORATION OSAKA (							
	ACCRUED INTEREST	6000+	16042	16]AOKI		6.14		7 298.90
3 10	PN 8315 INT. SEPTEMBER 1986		8004	772100		313.54		7 612.44
10 10	5.6250 MITSUBA ELECTRIC MFG							
	CREDIT INTEREST	25000+	8027	09]MELC		1 406.25		9 018.69
15 10	5.6250 ISHII FOOD CO.							
	CREDIT INTEREST	19000+	8035	09]ISHI		1 068.75		10 087.44
22 10	DM/SFR AT 0.8275		8091	101000	10 972.39-		9 079.65	1 007.79
6 11	PN 8315 INT. OCTOBER 86		8149	772100		324.00		1 331.79
8 11	.8750 ELECTRO CHEMICAL (EX DEN							
	SALE	10000+	9012	09]DENK		9 005.32		
18 11	.8750 ELECTRO CHEMICAL (EX DEN							
	ACCRUED INTEREST	10000+	9012	09]DENK		31.60		10 368.71
4 12	PN 8315 INT. NOVEMBER 86		8290	772100		313.54		
4 12	6.2500 PN.8315 : 6 YEARS							
	PN 8315 RIEMBURSEMENT	60200+	8324	53]5315		60 200.00		70 882.25
15 12	5.6250 ISHII FOOD CO.							
	SALE	19000+	8338	09]ISHI		19 095.00		
15 12	5.6250 ISHII FOOD CO.							
	CREDIT INTEREST	19000+	8338	09]ISHI		178.61		90 155.86
18 12	6.7500 VILLE DE LAVAL							
	SALE	30000+	9015	09]VILL		29 759.35		
18 12	6.7500 VILLE DE LAVAL							
	CREDIT INTEREST	30000+	9015	09]VILL		1 440.00		
18 12	5.6250 MITSUBA ELECTRIC MFG							
	SALE	25000+	9014	09]MELC		24 869.03		

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

```
4201     KOREL ASSETS
         LEDGER                         FROM 01 01 86 TO 31 12 86        H 03098

A/C.  NAME & DESCRIPTION                   DOC NO CONTRA                          DEBIT          CREDIT          BALANCE

5600000  CASH ACCOUNT                                  (SUITE)
 18 12  5.6250 MITSUBA ELECTRIC MFG
        CREDIT INTEREST          25000+ 9014 09JMELC                              265.63                        146 489.87
 19 12  6.0000 WORLD BANK
        SALE                     60000+ 8326 18JWORB                           61 800.00
 19 12  6.0000 WORLD BANK
        CREDIT INTEREST          60000+ 8326 18JWORB                            2 670.00                        210 959.87
 23 12 SFR/US$ AT 1.6625                8418 101000       126 893.15-                      210 959.87               0.00

                                                                          -------------  -------------
        TRANSACT. & BALANCE     195000+                   824 200.54-     253 907.52     253 907.52               0.00

5600001   ****** CASH ACCOUNT                          US$

  1  1 BROUGHT FORWARD          605701-                   210 720.00-       1 364.96                          1 364.96
  8  1 MGT FEES 4TH QUARTER 1985        5001 101001                                       1 346.44              18.52
 13  1 KOMONI PRINTING WTS DUE 20/12/89
        PURCHASE                     5-22011 22KOMO                                       1 900.00           1 881.48-
 15  1 14.1250 KELLOGS
        CREDIT INTEREST          25000+ 5030 27JKELLO                           2 812.50                            931.02
 17  1 SAFE CUSTODY CHARGE              5135 101001                                         145.43              785.59
  5  2 EMERY AIR FREIGHT CORP
        SALE                      1000+ 5330 14EAF                             18 628 92                         19 414 51
  7  2 TR FROM LAKE RESOURCES           5255 100001                           165 000.00                        184 414 51
 10  2 EMERY AIR FREIGHT CORP
        SALE                      1000+14041 14EAF                             18 334.38                        202 748 89
 11  2 BATTLE MOUNTAIN GOLD CO.
        PURCHASE                  1500-14042 14BMGC                                       21 937 50         180 811 39
 14  2 EMERY AIR FREIGHT CORP
        DIVIDEND                  2000+ 5333 14EAF                                175.00                        180 986.39
 18  2 ALA MOANA HAWAII
        RED. PURCH. PRICE               5332 14ALA                              4 500.00                        185 486.39
 19  2 KOMONI PRINTING WTS DUE 20/12/89
        SALE                         5+22015 22KOMO                             2 300.00                        187 786.39
 28  2 11.5000 AUSTRALIAN IND. DEVPT  C
        CREDIT INTEREST          90000+ 5299 27JAIDC                           10 350.00                        198 136.39
  1  3 16.2500 NEW BRUNSWICK ELECTRIC
```

753

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS # 03099
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)				
	CREDIT INTEREST	10000+ 5298 27JNEWB		1 625.00		199 761.39
4 3	LTV CORP					
	PURCHASE	100-14047 14LTV			656.00	199 105.39
6 3	7.7500 CONTINENTAL BANK 07/04/8					
	FIDUCIARY DEPOSIT	175000- 5317 56J097A			175 000.00	24 105.39
10 3	MOBIL CORP					
	DIVIDEND	100+ 5435 14MOB		38.50		24 143.89
18 3	BATTLE MOUNTAIN GOLD CO					
	DIVIDEND	1500+ 5435 14BMGC		26.25		24 170.14
25 3	CHESEBROUGH - PONDS INC					
	DIVIDEND	100+ 5435 14CBM		35.00		24 205.14
26 3	9.2500 EMI FINANCE BV					
	PURCHASE	20000-27043 27JEMI			20 000.00	
26 3	9.2500 EMI FINANCE BV					
	ACCRUED INTEREST	20000-27043 27JEMI			1 752.36	
26 3	LTV CORP.					
	SALE	100+ 5411 14LTV		964.96		3 417.74
28 3	COSFIN B.V					
	INVESTMENTS COSFIN NO 4	30000-15222 74JCOS4			30 000.00	26 582.26-
31 3	CALL CHESEBROUGH 100 SH $35					
	SALE	1+22018 22CBMGG		1 237.36		25 344.90-
7 4	7.7500 CONTINENTAL BANK 07/04/8					
	REDEMPTION	175000+ 6015 56J097A		175 000.00		
7 4	INTEREST	6015 772201		1 205.56		
7 4	7.2500 CONTINENTAL BANK 09/06/8					
	FIDUCIARY DEPOSIT	176000- 6016 56J160A			176 000.00	25 139.34-
8 4	MGT FEES 1ST QUARTER 1986	6001 101001			1 696.66	26 836.00-
9 4	14.1250 KELLOGS					
	SALE	85000+27045 27JKELLO		93 712.50		
9 4	14.1250 KELLOGS					
	CREDIT INTEREST	85000+27045 27JKELLO		2 231.25		
9 4	14.1250 KELLOGS					
	PURCHASE	60000-27044 27JKELLO			66 975.00	
9 4	14.1250 KELLOGS					
	DEBIT INTEREST	60000-27044 27JKELLO			1 575.00	557.75
14 4	US$/AU$ AT .7168	6033 101001	19 732.97-		14 144.59	13 586.84-

CSF INVESTMENTS LTD.

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03100

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
15 4	9.2500 EMI FINANCE BV				
	CREDIT INTEREST	20000+ 6436 27JEMI	1 850.00		11 736.84-
18 4	TR. TO K. RASHID (GULF MARKETING)	6057 100001		31 827.64	43 564.48-
22 4	NEW FUNDS	6087 100001	50 000.00		6 435.52
25 4	INTEREST	6434 772201	44.29		6 479.81
1 5	XIDEX CORP.				
	SALE	500+13005 13XID	9 282.50		15 762.31
2 5	CHESEBROUGH - PONDS INC				
	SALE	100+14063 14CBM	4 895.64		20 657.95
6 5	8.5000 SOCIETE GENERALE WARRANT				
	PURCHASE	50-27053 27JSGWT		6 350.00	
6 5	8.5000 SOCIETE GENERALE WARRANT				
	ACCRUED INT.	50-27053 27JSGWT		55.48	14 252.47
9 5	TRANSFER	6196 100001	7 439.78		
9 5	6.6250 I.B.M. CREDIT CORP.				
	ADJ. PURCHASE	4000+16022 16JIBM	3 995.00		
9 5	6.6250 I.B.M. CREDIT CORP.				
	ADJ. ACCRUED INT.	4000+16022 16JIBM	0.74		25 687.99
20 5	NEW FUNDS	6189 100001	26 490.00		52 177.99
2 6	NEW FUNDS	6269 100001	79 167.00		131 344.99
9 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	125000- 6290 66J00OK		125 000.00	
9 6	7.2500 CONTINENTAL BANK 09/06/8				
	REDEMPTION	176000+ 6317 56J160A	176 000.00		
9 6	INTEREST	6317 772201	2 233.00		
9 6	7.0625 CONTINENTAL BANK 09/07/8				
	FIDUCIARY DEPOSIT	178000- 6318 56J190B		178 000.00	6 577.99
10 6	MOBIL CORP				
	DIVIDEND	100+ 6441 14MOB	38.50		6 616.49
16 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	125000+ 6320 66J00OK	125 000.00		
16 6	14.7500 UNION CARBIDE				
	PURCHASE	11000-27059 27JUNCA		11 385.00	
16 6	14.7500 UNION CARBIDE				
	ACCRUED INT	11000-27059 27JUNCA		202.81	
16 6	CALL INT.	6384 772201	145.83		

CSF INVESTMENTS LTD.
HAMILT[illegible] BERMUDA

H 03101

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
16 6	FOSTER WHEELER CORP.				
	DIVIDEND	400+ 6441 14FWC	30 80		120 205 31
18 6	BATTLE MOUNTAIN GOLD CO				
	DIVIDEND	1500+ 6441 14BMGC	26 25		
18 6	5.2500 RNB NEW YORK CALL				
	ON CALL	30000- 6446 61]]600		30 000.00	90 231 56
19 6	TR. FROM DEFEX	6422 100001	11 183 00		101 414.56
20 6	6.1250 CALL CREDIT SUISSE				
	ON CALL	100000- 6361 66]000K		100 000 00	1 414 56
24 6	6.1250 CALL CREDIT SUISSE				
	OFF CALL	100000+ 6383 66]000K	100 000.00		
24 6	CALL INT.	6414 772201	50 00		
24 6	CALL INT.	6414 772201	16.66		101 481 22
2 7	HIRAM WALKER				
	PURCHASE	130000-27066 27]HIWA		98 150.00	
2 7	TR TO ALBON VALUES CORP	7015 100001		2 305.32	
2 7	5.2500 RNB NEW YORK CALL				
	OFF CALL	30000+ 7175 61]]600	30 000.00		31 025 90
7 7	5.2500 RNB NEW YORK CALL				
	ON CALL	30000- 7175 61]]600		30 000.00	
7 7	MGT FEES 2ND QUARTER 1986	7001 101001		2 478.35	1 452.45-
9 7	7.0625 CONTINENTAL BANK 09/07/8				
	REDEMPTION	178000+ 7025 56]190B	178 000.00		
9 7	INTEREST	7025 772201	1 047.42		
9 7	6.8750 CONTINENTAL BANK 11.08.8				
	FIDUCIARY DEPOSIT	179000- 7026 56]223A		179 000.00	
9 7	CALL INTEREST JUNE	7078 772201	69.45		1 335.58-
15 7	9.7500 BOWATER CORPORATION				
	CREDIT INTEREST	15000+ 7065 27]BOWA	1 462.50		
15 7	9.7500 BOWATER CORPORATION				
	REDEMPTION	15000+27070 27]BOWA	15 000.00		
15 7	5.2500 RNB NEW YORK CALL				
	ON CALL	80000- 7175 61]]600		80 000.00	64 873.08-
18 7	HIRAM WALKER				
	SALE	91000+27067 27]HIWA	70 297.50		5 424.42
21 7	8.5000 SOCIETE GENERALE WARRANT				

756

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE) H 03102			
	SALE	75+27069 27]SGWT	9 891.04		15 315.46
28 7	PMT KLINIK BUCHINGER AM BODENSEE	7117 100001		769.79	
28 7	BANK CHARGES	7117 673701		1.16	14 544.51
31 7	CALL INTEREST	7206 772201	351.77		14 896.28
1 8	15.2500 PROV. OF NOVA SCOTIA				
	INTEREST	50000+ 7351 14]NOVA	7 625.00		22 521.28
11 8	6.8750 CONTINENTAL BANK 11.08.8				
	REDEMPTION	179000+ 7187 56]223A	179 000.00		
11 8	INTEREST	7187 772201	1 128.08		
11 8	6.3750 CONTINENTAL BANK 11.09.8				
	FIDUCIARY DEPOSIT	180000- 7188 56]254A		180 000.00	22 649.36
18 8	6.0000 R.N.B. 02/09/86				
	FIDUCIARY DEPOSIT	110000- 7356 61]245A		110 000.00	87 350.64-
21 8	5.2500 RNB NEW YORK CALL				
	OFF CALL	110000+ 7353 61]]600	110 000.00		22 649.36
28 8	5.2500 RNB NEW YORK CALL				
	ON CALL	110000- 7353 61]]600		110 000.00	87 350.64-
29 8	5.2500 RNB NEW YORK CALL				
	OFF CALL	110000+ 7353 61]]600	110 000.00		
29 8	5.3750 ~~R.N.B~~. 03/09/86				
	FIDUCIARY DEPOSIT	110000- 7358 61]246A		110 000.00	87 350.64-
2 9	TRANSFER FM U.B.S., FRIBOURG	7286 100001	258 398.00		
2 9	6.0000 R.N.B. 02/09/86				
	REDEMPTION	110000+ 7357 61]245A	110 000.00		
2 9	INTEREST	7357 772201	271.23		281 318.59
3 9	5.3750 R.N.B. 03/09/[illegible]				
	REDEMPTION	110000+ 7369 61]246A	110 000.00		
3 9	INTEREST	7369 772201	80.99		
3 9	15.0000 SPERRY RAND CURACAO				
	CREDIT INTEREST	50000+ 7435 14]SPER	7 500.00		398 899.58
5 9	7.0000 COSFIN BV				
	INVESTMENT	250000- 3519 74]COS5		250 000.00	
5 9	7.0000 COSFIN BV				
	INVESTMENT	40000- 3519 74]COS5		40 000.00	
5 9	15.0000 SPERRY RAND CURACAO				
	SALE	50000+14094 14]SPER	50 750.00		159 649.58

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

03103

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)				
8 9	CALL INT.	7371 772201		346.58		159 996.16
9 9	US$/AU$ AT 0.6325	24001 101001	23 799.82-		15 053.39	
9 9	BATTLE MOUNTAIN GOLD CO SALE	750+14083 14BMGC		13 950.00		158 892.77
10 9	9.0000 R.H.M. OVERSEAS FINANCE PURCHASE	100000-27075 27JRHM			100 000.00	
10 9	9.0000 R.H.M. OVERSEAS FINANCE ACCRUED INTEREST	100000-27075 27JRHM			625.00	
10 9	MOBIL CORP DIVIDEND	100+ 7435 14MOB		38.50		58 306.27
11 9	6.3750 CONTINENTAL BANK 11.09.8 REDEMPTION	180000+ 7315 56J254A		180 000.00		
11 9	ACCRUED INTEREST	7315 772201		988.13		
11 9	5.2500 RNB NEW YORK CALL ON CALL	110000- 7438 61JJ600			110 000.00	129 294.40
12 9	MOBIL CORP SALE	100+14089 14MOB		3 841.54		133 135.94
15 9	FOSTER WHEELER CORP. DIVIDEND	400+ 7435 14FWC		30.80		133 166.74
16 9	1.0870 S.N.C.F. PART.PAID 15/9/ PURCHASE	50000-27076 27JSNCF			6 750.00	
16 9	1.0870 S.N.C.F. PART.PAID 15/9/ ACCRUED INTEREST	50000-27076 77JSNCF			1.51	126 415.23
18 9	US$/HK$ AT 7.8035	7364 101001			17 356.38	
18 9	BATTLE MOUNTAIN GOLD CO. DIVIDEND	1500+ 7435 14BMGC		26.25		109 085.10
19 9	MCI COMMUNICATIONS CORP PURCHASE	500-14085 14MCIC			3 812.50	105 272.60
24 9	AU$/US$ AT .6375	7378 101001	9 091.36-		5 795.74	
24 9	BATTLE MOUNTAIN GOLD CO. SALE	510+14092 14BMGC		9 881.25		109 358.11
25 9	BATTLE MOUNTAIN GOLD CO. SALE	240+14088 14BMGC		4 650.00		114 008.11
26 9	12.0000 BANK OF AMERICA PURCHASE	100000-27077 27JBOA			101 000.00	
26 9	12.0000 BANK OF AMERICA					

CSF INVESTMENTS L

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT		(SUITE)			
	ACCRUED INTEREST	100000-27077 27JBOA			5 366.66	7 641 4
29 9	MCI COMMUNICATIONS CORP SALE	60+14091 14MCIC		472.50		8 113 9
7 10	CALL INTEREST	8029 772201	# 03104	300.61		8 414.5
15 10	MGT FEES 3RD QUARTER 1986	8001 101001			2 926.01	5 488.5
16 10	UNIT DRILLING & EXPL. CO. EXCHANGE	800+ 8204 13UDE		2 500 00		
16 10	UNIT CORPORATION EXCHANGE	800- 8204 13UNC			2 500 00	5 488 5
3 11	CALL INTEREST	8193 772201		490 48		5 979 0
7 11	INTEREST COSS 5/9-31/10/86	4203 772301		3 114.51		9 093.5
10 11	5.2500 RNB NEW YORK CALL OFF CALL	110000+ 8199 61JJ600		110 000.00		119 093 5
12 11	CITIZENS FINANCIAL GROUP INC PURCHASE	1000-14100 14CITN			37 838.03	81 255 5
25 11	MKF/US$ AT 20.455	22026 101001	340 285 70-		69 605.44	11 650 0
1 12	7.0000 MITEL CORP. CV EXTL 97 INTEREST	100000+ 8362 27JMIT		7 000.00		18 650 0
2 12	9.2500 EMI FINANCE BV REIMBURSEMENT	20000+27098 27JEMI		20 200 00		
2 12	9 2500 EMI FINANCE BV ACCRUED INT	20000+27098 27JEMI		1 166 52		40 016 5
11 12	COSFIN B.V. REDEMPTION	31949+ 4435 74JCOS4		31 949 32		
11 12	7.0000 COSFIN BV REDEMPTION	290000+ 4436 74JCOS5		290 000 00		
11 12	JCOS5 INT FROM 1/11/86	4436 772301		2 280 27		364 246 1
15 12	16.2500 NEW BRUNSWICK ELECTRIC SALE	10000+ 8350 27JNEWB		11 700.00		
15 12	16.2500 NEW BRUNSWICK ELECTRIC CREDIT INTEREST	10000+ 8350 27JNEWB		1 304 51		
15 12	14.7500 UNION CARBIDE SALE	11000+ 8356 27JUNCA		11 330 00		
15 12	14 7500 UNION CARBIDE CREDIT INTEREST	11000+ 8356 27JUNCA		1 027.58		
15 12	9 8750 PROCTER & GAMBLE COMPANY					

CSF INVESTMENTS LTD
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT	(SUITE)			
	INTEREST	35000+ 8360 27]PROC	3 456.25		
15 12	FOSTER WHEELER CORP				
	DIVIDEND	400+ 8487 14FWC	30.80		393 095.32
17 12	CITIZENS FINANCIAL GROUP INC				
	SALE	1000+14101 14CITN	37 762.70		
17 12	FOSTER WHEELER CORP				
	SALE	400+14102 14FWC	5 016.02		
17 12	MCI COMMUNICATIONS CORP				
	SALE	440+14105 14MCIC	3 135.00		
17 12	PAN AMERICAN WORLD AIRWAY LTD				
	SALE	200+14106 14PN	944.50		
17 12	ALA MOANA HAWAII				
	SALE	3000+14110 14ALA	1 199.52		441 153.06
19 12	12.1250 PRUDENTIAL REALTY SEC.'S				
	SALE	50000+27081 27]PRUR	59 500.00		
19 12	12.1250 PRUDENTIAL REALTY SEC.'S				
	CREDIT INTEREST	50000+27081 27]PRUR	5 624.65		
19 12	1.0870 S.N.C.F. PART.PAID 15/9/				
	SALE	50000+27084 27]SNCF	5 562.50		
19 12	1.0870 S.N.C.F. PART.PAID 15/9/				
	CREDIT INTEREST	50000+27084 27]SNCF	141.98		
19 12	7.0000 MITEL CORP. CV EXTL 97				
	SALE	100000+27086 27]MIT	122 000.00		
19 12	7.0000 MITEL CORP. CV EXTL 97				
	CREDIT INTEREST	100000+27086 27]MIT	350.00		
19 12	12.0000 HAMERSON PROP.INV DEVPT				
	SALE	25000+27087 27]HAME	27 625.00		
19 12	12.0000 HAMERSON PROP.INV DEVPT				
	CREDIT INTEREST	25000+27087 27]HAME	2 925.00		
19 12	HIRAM WALKER				
	SALE	39000+27088 27]HIWA	31 005.00		
19 12	12.0000 BANK OF AMERICA				
	SALE	100000+27089 27]BOA	101 000.00		
19 12	12.0000 BANK OF AMERICA				
	CREDIT INTEREST	100000+27089 27]BOA	8 133.33		
19 12	11.5000 CANADA				

Ⅱ 03105

CSF INVESTMENTS LTD.

```
4201      KOREL ASSETS
          LEDGER                          FROM 01 01 86 TO 31 12 86

A/C.   NAME & DESCRIPTION                   DOC.NO CONTRA                        DEBIT          CREDIT        BALANCE

                                                    (SUITE)
5600001  CASH ACCOUNT
        SALE                              75000+27091 27]CANA                 86 375.00
 19 12 11.5000 CANADA
        CREDIT INTEREST                   75000+27091 27]CANA                  6 396.88
 19 12 11.5000 AUSTRALIAN IND. DEVPT. C
        SALE                              90000+27092 27]AIDC                 99 450.00
 19 12 11.5000 AUSTRALIAN IND. DEVPT. C
        CREDIT INTEREST                   90000+27092 27]AIDC                  8 366.25
 19 12  9.0000 R.H.M. OVERSEAS FINANCE
        SALE                             100000+27093 27]RHM                 100 500.00
 19 12  9.0000 R.H.M. OVERSEAS FINANCE
        CREDIT INTEREST                  100000+27093 27]RHM                   3 100.00
 19 12  7.7500 SONY CORPN. EX WARRANTS
        SALE                              75000+27095 27]SON                  75 000.00
 19 12  7.7500 SONY CORPN. EX WARRANTS
        CREDIT INTEREST                   75000+27095 27]SON                   3 697.40
 19 12  9.8750 PROCTER & GAMBLE COMPANY
        SALE                              35000+27097 27]PROC                 37 275.00
 19 12  9.8750 PROCTER & GAMBLE COMPANY
        CREDIT INTEREST                   35000+27097 27]PROC                     38.40
 19 12 15.2500 PROV. OF NOVA SCOTIA
        SALE                              50000+14116 14]NOVA                 57 500.00
 19 12 15.2500 PROV. OF NOVA SCOTIA
        CREDIT INTEREST                   50000+14116 14]NOVA                  2 922.92                   1 283 642.37
 22 12 UNIT CORPORATION
        SALE                                800+13008 13UNC                      935.96
 22 12 XIDEX CORP.
        SALE                                500+13009 13XID                    5 710.00
 22 12  6.6250 I.B.M. CREDIT CORP.
        SALE                               6000+16051 16]IBM                   5 970.00
 22 12  6.6250 I.B.M. CREDIT CORP.
        CREDIT INTEREST                    6000+16051 16]IBM                     247.33                   1 296 505.66
 23 12 SFR/US$ AT 1.6625                         8418 101001    210 959.87+  126 893.15
 23 12 DM./US$ AT 1.9858                         8418 101001     11 188.40+    5 634.20
 23 12 YEN/US$ AT 1.9858                         8418 101001    800 474.50+    4 907.87
 23 12 MKF/US$ AT 4.909                          8418 101001    300 000.00+   61 112.24
 23 12 HK$/US$ AT 7.801                          8418 101001    163 089.01+   20 906.16
```

‖ 03106

761

CSF INVESTMENTS LTD.

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03107

A/C.	NAME & DESCRIPTION		DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
5600001	CASH ACCOUNT			(SUITE)				
23 12	AU$/US$ AT 7 801		8418	101001	51 266 73+	34 221 16		
23 12	MGT FEES 4TH QUARTER 86		8428	101001			3 144.69	1 547 035 75
30 12	$ 4375 CIBC CERTIFICATES DEPOSI							
	PURCHASE	1546000-	8475	083CD			1 546 000.00	1 035.75
	TRANSACT. & BALANCE	584076-			933 348 66+	4 217 465.63	4 216 429.88	1 035.75
5600003	●●●●●● CASH ACCOUNT			DM				
22 10	7.2500 KINGDOM OF SWEDEN							
	ACCRUED INTEREST	10000-	8091	273SWED			522.39	
22 10	7.2500 KINGDOM OF SWEDEN							
	PURCHASE	10000-	8091	273SWED			10 450.00	
22 10	DM/SFR AT 0.8275		8091	101003	9 079 65+	10 972 39		0.00
15 12	7.2500 KINGDOM OF SWEDEN							
	SALE	10000+	8343	273SWED		10 550.00		
15 12	7.2500 KINGDOM OF SWEDEN							
	CREDIT INTEREST	10000+	8343	273SWED		638 40		11 188 40
23 12	DM./US$ AT 1.9858		8418	101003	5 634 20-		11 188.40	0.00
	TRANSACT. & BALANCE				3 445.45+	22 160.79	22 160.79	0.00
5600010	●●●●●● CASH ACCOUNT			YEN				
1 1	BROUGHT FORWARD	200550-			7 800 00+	371 227 00		371 227 00
22 1	TEIKOKU TSUSHIN (6763)							
	DIVIDEND	550+	5154	15TEIKO		1 540.00		
22 1	SAFE CUSTODY CHARGES		5154	101010			106 00	372 661 00
28 1	TOYODA MACHINE WORKS							
	PURCHASE	400-	20008	20TOMA			381 780.00	9 119 00-
30 4	TOYODA MACHINE WORKS							
	SALE	400+	20016	20TOMA		382 908 00		
30 4	PROXY FEE		6443	673710			43 00	373 746.00
6 6	TOKIO MARINE FIRE							

CSF INVESTMENTS LTD

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600010	CASH ACCOUNT	(SUITE)			
	PURCHASE	300-15041 15TOKI		372 368 00	1 378 00
1 7	7 1250 PROVINCE OF NEW BRUNSWIC				
	CREDIT INTEREST	100000+ 7156 16]NEW	7 125 00		8 503 00
15 7	TOKIO MARINE FIRE				
	SALE	300+15047 15TOKI	384 330 00		
15 7	TEIKOKU TSUSHIN (6763)				
	SALE	550+15045 15TEIKO	303 776 00	II 03108	696 609 00
17 7	TEIKOKU TSUSHIN (6763)				
	DIVIDEND	550+ 7323 15TEIKO	1 540 00		698 149 00
23 7	TOYODA MACHINE WORKS				
	DIVIDEND	400+ 7141 20TOMA	1 870 00		700 019 00
4 8	3 6000 SHIMACHU CO .LTD				
	PURCHASE	300000-60340 16]SHIM		426 384 00	
4 8	3 6000 SHIMACHU CO .LTD				
	ACCRUED INTEREST	300000-60340 16]SHIM		4 180 92	
4 8	4 8000 MAZDA CV				
	PURCHASE	200000-21086 21]MAZD		217 296 00	
4 8	4 8000 MAZDA CV				
	ACCRUED INTEREST	200000-21086 21]MAZD		2 019 94	50 138 14
11 8	SUMITOMO MARINE				
	PURCHASE	40-21089 21SUMAR		40 304 00	9 834 14
19 8	SUMITOMO MARINE				
	SALE	40+21094 21SUMAR	44 964 52		
19 8	NIPPON SHEET GLASS				
	PURCHASE	50-21093 21NISH		40 129 10	14 669 56
27 8	4 8000 MAZDA CV				
	SALE	200000+21104 21]MAZD	231 099 74		
27 8	4 8000 MAZDA CV				
	ACCRUED INTEREST	200000+21104 21]MAZD	2 503 89		248 273 19
30 8	3 6000 SHIMACHU CO .LTD				
	INTEREST	300000+ 7274 16]SHIM	4 320 00		252 593 19
16 9	NIPPON SHEET GLASS				
	SALE	50+21107 21NISH	44 442 50		297 035 69
17 9	2 0000 MATSUSHITA EL WORKS CV 3				
	PURCHASE	100000-21109 21]MEW		145 000 00	
17 9	2 0000 MATSUSHITA EL WORKS CV 3				

CSF INVESTMENTS LTD.
HAMILTON - BERMUDA

```
4201    KOREL ASSETS
        LEDGER                              FROM 01 01 86 TO 31 12 86

A/C   NAME & DESCRIPTION                    DOC.NO CONTRA                           DEBIT            CREDIT          BALANCE

5600010  CASH ACCOUNT                                  (SUITE)
       ACCRUED INTEREST                 100000-21109 21]MEW                                          83.20       151 952.49
 1 10  2.0000 MATSUSHITA EL WORKS CV 3
       SALE                             100000+21112 21]MEW                   163 275.76
 1 10  2.0000 MATSUSHITA EL WORKS CV 3
       ACCRUED INTEREST                 100000+21112 21]MEW                       144.63                      315 372.88
 8 12  3.6000 SHIMACHU CO.,LTD.
       SALE                             300000+16050 16]SHIM                  371 831.25
 8 12  3.6000 SHIMACHU CO.,LTD.
       ACCRUED INTEREST                 300000+16050 16]SHIM                    2 636.37                      689 840.50
15 12  7.1250 PROVINCE OF NEW BRUNSWIC
       SALE                             100000+ 8332 16]NEW                   107 375.00
15 12  7.1250 PROVINCE OF NEW BRUNSWIC
       CREDIT INTEREST                  100000+ 8332 16]NEW                     3 259.00                      800 474.50
23 12 YEN/US$ AT 1.9858                         8418 101010      4 907.87-                   800 474.50             0.00
                                                                              -------------- --------------
       TRANSACT. & BALANCE              401500+                  2 892.13+  2 430 168.66  2 430 168.66              0.00

5600012   [redacted] CASH ACCOUNT                     MFK

25 11 MKF/US$ AT 20.455                        22026 101012     69 605.44+    340 285.70
25 11 POHJOLA  (NEWS) B
       PURCHASE                           4000-22026 22POHJ                                  340 285.70             0.00
22 12 POHJOLA  (NEWS) B
       SALE                               4000+22030 22POHJ                   300 000.00                      300 000.00
23 12 MKF/US$ AT 4.909                          8418 101012     61 112.24-                   300 000.00             0.00
                                                                              -------------- --------------
       TRANSACT. & BALANCE                                       8 493.20+    640 285.70     640 285.70             0.00

5600017   [redacted] CASH ACCOUNT                     HK$

12  9 HONG KONG LAND
       PURCHASE                          20000-24002 24HKL                                   135 440.50       135 440.50
18  9 US$/HK$ AT 7.8035                         7364 101017                   135 440.50                            0.00
 4 11 DAIRY FARM
```

H 03109

CSF INVESTMENTS LT

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO CONTRA		DEBIT	CREDIT	BALANCE
5600017	CASH ACCOUNT	(SUITE)				
	SALE	2000+24005 24DF		4 961.25		
4 11	HONG KONG LAND					
	PURCHASE	764-24006 24HKL			4 960.44	0 81
17 12	HONG KONG LAND					
	SALE	20764+24008 24HKL		134 759.08		
17 12	DAIRY FARM					
	COST ON DAIRY FARM	24007 24DF			6 254.54	
17 12	DAIRY FARM					
	SALE	8000+24007 24DF		34 583 66		163 089 01
23 12	HK$/US$ AT 7.801	8418 101017	20 906 16-		163 089 01	0 00
	TRANSACT. & BALANCE	10000+	20 906 16-	309 744.49	309 744.49	0 00
5600020	****** CASH ACCOUNT	$AU				
7 3	14.2500 SCANDINAVIAN AIRLINE SYS					
	PURCHASE	20000- 5418 22JSAS			19 725 00	
7 3	14.2500 SCANDINAVIAN AIRLINE SYS					
	ACCRUED INT	20000- 5418 22JSAS			7 97	19 732 97
14 4	US$/AU$ AT 7168	6033 101020	14 144 59+	19 732 97		0 00
9 9	US$/AU$ AT 0.6325	24001 101020	15 053 39+	23 799 82		
9 9	TECHNOMIN					
	PURCHASE	50000-24001 24TECH			23 799 82	0 00
23 9	TECHNOMIN					
	PURCHASE	20000-24003 24TECH			9 091 36	9 091 36
24 9	AU$/US$ AT 6375	7378 101020	5 795 74+	9 091 36		0 00
22 12	14 2500 SCANDINAVIAN AIRLINE SYS					
	SALE	20000+22028 22JSAS		20 050.00		
22 12	14 2500 SCANDINAVIAN AIRLINE SYS					
	CREDIT INTEREST	20000+22028 22JSAS		2 264 17		22 314 17
23 12	TECHNOMIN					
	SALE	70000+24009 24TECH		28 952 56		
23 12	AU$/US$ AT 7 801	8418 101020	34 221 16-		51 266.73	0 00
	TRANSACT & BALANCE		772 56+	103 890 88	103 890 88	0 00

H 03110

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

A/C	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
5600300	●●●●●● CSF INVOICES		FS		# 03111	
24 4	INV 1183		101000		5 000 00	5 000 00-
29 4	PMT INV NO 1183	2158	101000	5 000 00		0 00
16 7	INV 1321		101000		3 000 00	3 000 00-
22 7	PMT INV NO 1321	3115	101000	3 000 00		0 00
	TRANSACT & BALANCE			8 000 00	8 000 00	0 00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

03112

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
6	[redacted] CHARGES			US$			
673701	[redacted] BANK CHARGES			US$			
28 7	BANK CHARGES	7117	5600001		1.16		1.16
	TRANSACT. & BALANCE				1.16	0.00	1.16
673710	[redacted] BANK CHARGES			YEN			
30 4	PROXY FEE	6443	5600010		43.00		43.00
	TRANSACT. & BALANCE				43.00	0.00	43.00

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

H 03113

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
7	###### INCOME	US$			
760900	###### REAL GAINS/LOSSES - CREDIT SUISSE FS				
4 4	1.7500 SUMITOMO EL IND CV GAIN	09JSU E		3 258 69	3 258 69-
9 4	1.8750 ITOHAM FOODS INC SFR WT GAIN	09JITOH		1 473 51	4 732 20-
18 11	.8750 ELECTRO CHEMICAL (EX DEN LOSS	09JDENK	949 68		3 782 52-
15 12	5.6250 ISHII FOOD CO. GAIN	09JISHI		285 00	4 067 52-
18 12	6.7500 VILLE DE LAVAL LOSS	09JVILL	240 65		
18 12	5.6250 MITSUBA ELECTRIC MFG LOSS	09JMELC	7 70		3 819 17-
			-------------	-------------	
	TRANSACT & BALANCE		1 198 03	5 017 20	3 819 17-
761301	###### REAL GAINS/LOSSES - ROSE & CO	US$			
1 5	XIDEX CORP GAIN	13XID		2 782 50	2 782 50-
22 12	UNIT CORPORATION LOSS	13UNC	1 564 04		
22 12	XIDEX CORP LOSS	13XID	790 00		428 46-
			-------------	-------------	
	TRANSACT & BALANCE		2 354 04	2 782 50	428 46-

CSF INVESTMENTS LT
HAMILTON BERMUDA

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03114

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
761401	****** REAL GAINS/LOSSES - BEAR STEARNS US$				
5 2	EMERY AIR FREIGHT CORP				
	GAIN	14EAF		1 663 51	1 663 51
10 2	EMERY AIR FREIGHT CORP				
	GAIN	14EAF		1 368 96	3 032 47
26 3	LTV CORP				
	GAIN	14LTV		308 96	3 341 43
2 5	CHESEBROUGH - PONDS INC				
	GAIN	14CBM		841 14	4 182 57
5 9	15.0000 SPERRY RAND CURACAO				
	LOSS	14JSPER	2 750 00		1 432 57
9 9	BATTLE MOUNTAIN GOLD CO				
	GAIN	14BMGC		2 981 25	4 413 82
12 9	MOBIL CORP				
	GAIN	14MOB		866 54	5 280 36
24 9	BATTLE MOUNTAIN GOLD CO				
	GAIN	14BMGC		2 422 50	7 702 86
25 9	BATTLE MOUNTAIN GOLD CO				
	GAIN	14BMGC		1 140 00	8 842 86
29 9	MCI COMMUNICATIONS CORP				
	GAIN	14MCIC		15 00	8 857 86
17 12	CITIZENS FINANCIAL GROUP INC				
	LOSS	14CITN	75 33		
17 12	FOSTER WHEELER CORP				
	LOSS	14FWC	297 76		
17 12	MCI COMMUNICATIONS CORP				
	LOSS	14MCIC	220 00		
17 12	PAN AMERICAN WORLD AIRWAY LTD				
	LOSS	14PN	655 94		
17 12	ALA MOANA HAWAII				
	GAIN	14ALA		599 52	8 208 35
19 12	15 2500 PROV OF NOVA SCOTIA				
	LOSS	14JNOVA	379 01		7 829 34
			-------------	-------------	
	TRANSACT & BALANCE		4 378 04	12 207 38	7 829 34

CSF INVESTMENTS LTD

```
 4201     KOREL ASSETS
          LEDGER                     FROM 01 01 86 TO 31 12 86

 A/C.  NAME & DESCRIPTION               DOC.NO CONTRA                      DEBIT        CREDIT      BALANCE

761510     ****** REAL. GAINS/LOSSES - NIKKO          YEN

 15  7 TOKIO MARINE FIRE
       GAIN                                  15TOKI                                  11 962.00
 15  7 TEIKOKU TSUSHIN (6763)
       GAIN                                  15TEIKO                                 13 376.00    25 338.00-
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                                  0.00     25 338.00    25 338.00-

761600     ****** REAL. GAINS/LOSSES - NOMURA         FS

 12  9    $750 AOKI CORPORATION OSAKA (
       GAIN                                  16JAOKI                                    117.00       117.00-
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                                  0.00        117.00       117.00-

761601     ****** REAL. GAINS/LOSSES - NOMURA         US$

 22 12  6.6250 I.B.M. CREDIT CORP.
       LOSS                                  16JIBM                          22.50                     22.50
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                                 22.50          0.00         22.50

761610     ****** REAL. GAINS/LOSSES - NOMURA         YEN

  8 12  3.6000 SHIMACHU CO.,LTD.
       LOSS                                  16JSHIM                     54 552.75                 54 552.75
 15 12  7.1250 PROVINCE OF NEW BRUNSWIC
       GAIN                                  16JNEW                                   4 595.19    49 957.56
                                                                   -------------- --------------
       TRANSACT. & BALANCE                                             54 552.75      4 595.19    49 957.56
```

CSF INVESTMENTS LT
HAMILT [illegible] RMUDA

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

H 03116

A/C NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
761800 ****** REAL. GAINS/LOSSES - MERRILL LYNCH FS				
19 12 6 0000 WORLD BANK GAIN	18JWORB		1 800 00	1 800 00
		--------------	--------------	
TRANSACT. & BALANCE		0 00	1 800 00	1 800 00
762010 ****** REAL. GAINS/LOSSES - WAKO SECURITIE YEN				
30 4 TOYODA MACHINE WORKS GAIN	20TOMA		1 128 00	1 128 00
		--------------	--------------	
TRANSACT. & BALANCE		0 00	1 128 00	1 128 00
762110 ****** REAL. GAINS/LOSSES - DAIWA YEN				
19 8 SUMITOMO MARINE GAIN	21SUMAR		4 660 52	4 660 52
27 8 4 8000 MAZDA CV GAIN	21JMAZD		13 803 74	18 464 26
16 9 NIPPON SHEET GLASS GAIN	21NISH		4 313 40	22 777 66
1 10 2 0000 MATSUSHITA EL WORKS CV 3 GAIN	21JMEW		18 275 76	41 053 42
		--------------	--------------	
TRANSACT. & BALANCE		0.00	41 053.42	41 053 42
762201 ****** REAL. GAINS/LOSSES - MORGAN STANLEY US$				
19 2 KOMONI PRINTING WTS DUE 20/12/89 GAIN	22KOMO		400 00	400 00
31 3 CALL CHESEBROUGH 100 SH $35 GAIN	22CBMGG		378 16	778 16

CSF INVESTMENTS LTD.

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

03117

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
762201	REAL GAINS/LOSSES - MORGAN STA (SUITE)				
	TRANSACT & BALANCE		0 00	778 16	778 16-
762212	****** REAL GAINS/LOSSES - MORGAN STANLEY MFK				
22 12	POHJOLA (NEWS) B LOSS	22POHJ	40 285 70		40 285 70
	TRANSACT & BALANCE		40 285 70	0 00	40 285 70
762220	****** REAL GAINS/LOSSES - MORGAN STANLEY $AU				
22 12	14 2500 SCANDINAVIAN AIRLINE SYS GAIN	22JSAS		325 00	325 00-
	TRANSACT & BALANCE		0 00	325 00	325 00-
762417	****** REAL GAINS/LOSSES - REED STENHOUSE HK$				
4 11	DAIRY FARM GAIN	24DF		1 873 15	1 873 15-
17 12	HONG KONG LAND GAIN	24HKL		9 798 64	
17 12	DAIRY FARM GAIN	24DF		15 976 72	27 648 51-
	TRANSACT & BALANCE		0 00	27 648 51	27 648 51-

CSF INVESTMENTS L
HAMILT ERMUDA

6201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

H 03118

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
762420	###### REAL. GAINS/LOSSES - REED STENHOUSE $AU				
23 12	TECHNOMIN				
	LOSS	24TECH	2 938.62		2 938.62
	TRANSACT & BALANCE		2 938.62	0.00	2 938.62
762701	###### REAL. GAINS/LOSSES - STRAUSS TURNBU US$				
9 4	14.1250 KELLOGS				
	GAIN	27JKELLO		1 653.65	
9 4	14.1250 KELLOGS				
	LOSS	27JKELLO	756.24		[illegible]
15 7	5.7500 BOWATER CORPORATION				
	GAIN	27JBOWA		12.50	[illegible]
18 7	HIRAM WALKER				
	GAIN	27JHIWA		1 592.50	[illegible]
21 7	6.5000 SOCIETE GENERALE WARRANT				
	GAIN	27JSGWT		264.06	[illegible]
2 12	9.2500 EMI FINANCE BV				
	GAIN	27JEMI		[illegible]	[illegible]
15 12	14.2500 NEW BRUNSWICK ELECTRIC				
	GAIN	27JNEWB		374.92	
15 12	14.7500 UNION CARBIDE				
	LOSS	27JUNC	[illegible]		[illegible]
15 12	12.1250 PRUDENTIAL REALTY SEC [illegible]				
	GAIN	27JPRU		201.2[illegible]	
19 12	1.0870 S.N.C.F. PART PAID 15/97				
	LOSS	27JSNCF	3 18[illegible].10		
19 12	7.0000 MITEL CORP. CV EXTL 97				
	GAIN	27JMIT		5 000.00	
15 12	12.0000 HAMERSON PROP INV DEVPT				
	GAIN	27JHAMI		[illegible]	
19 12	HIRAM WALKER				
	GAIN	27JHIWA		[illegible]560.00	

CSF INVESTMENTS LTD
HAMILTON BERMUDA

```
4201      KOREL ASSETS
          LEDGER                         FROM 01 01 86 TO 31 12 86

A/C    NAME & DESCRIPTION                DOC NO CONTRA             DEBIT          CREDIT          BALANCE

762701   REAL  GAINS/LOSSES - STRAUSS TU              (SUITE)
 12 12 11 5000 CANADA
         GAIN                            27]CANA                                 9 375 00
       11 5000 ALS PALIAN IND  DEVPT  C
         GAIN                            27]AIDC                                 1 442 46
 12 12  9 0000 R H M  OVERSEAS FINANCE
         GAIN                            27]RHM                                    500 00
 12 12  7 7500 SONY CORPN  EX WARRANTS
         GAIN                            27]SON                                 10 138 21
 12 12  9 8750 PROCTER & GAMBLE COMPANY
         GAIN                            27]PROC                                 2 275 00      56 889 64

                                                              --------------  --------------
         TRANSACT  & BALANCE                                       1 998 74       58 888 38     56 889 64-

762701     ****** REAL  GAINS/LOSSES - STRAUSS TURNBU DM

 15 12  7.2500 KINGDOM OF SWEDEN
         GAIN                            27]SWED                                   100 00         100 00-

                                                              --------------  --------------
         TRANSACT  & BALANCE                                          0 00           100 00         100 00-

771100     ****** INTEREST EARNED ON BONDS              FS

 31  3  1.7500 SUMITOMO EL  IND   CV
         CREDIT INTEREST            10000- 5400 5600000                            87 50          87.50
  1  4  6 0000 WORLD BANK
         CREDIT INTEREST 22/3/86    60000- 6418 5600000                         3 600 00        3 687 50-
  2  4  6 7500 VILLE DE LAVAL
         CREDIT INTEREST            30000- 6013 5600000                         2 025 00        5 712 50-
  4  4  1.7500 SUMITOMO EL  IND   CV
         CREDIT INTEREST            10000- 9002 5600000                             1 94        5 714 44
 12  9    8750 AOKI CORPORATION OSAKA (
         ACCRUED INTEREST            6000-16042 5600000                             6 14        5 720 58
 10 10  5 6250 MITSUBA ELECTRIC MFG
         AMORT  BDS PREM                  8027 *09]MELC                             26 73
```

H 03119

774

```
                                                                                    CSF INVESTMENTS LT
                                                                                      HAMILTON BERMUDA
 4201      KOREL ASSETS
           LEDGER                        FROM 01 01 86 TO 31 12 86

 A/C    NAME & DESCRIPTION                   DOC NO CONTRA                    DEBIT        CREDIT       BALANCE
                                                                                       H 05120
 771100    INTEREST EARNED ON BONDS                        (SUITE)
  10 10   5 6250 MITSUBA ELECTRIC MFG
          CREDIT INTEREST         25000-  8027 5600000                              1 406 25      7 153 5
  15 10   5 6250 ISHII FOOD CO
          CREDIT INTEREST         19000-  8035 5600000                              1 068 75      8 222 31
  18 11    8750 ELECTRO CHEMICAL (EX DEN
          ACCRUED INTEREST        10000-  9012 5600000                                 31 60      8 253 91
  15 12   5 6250 ISHII FOOD CO
          CREDIT INTEREST         19000-  8338 5600000                                178 61      8 432 5
  18 12   6 7500 VILLE DE LAVAL
          CREDIT INTEREST         30000-  9015 5600000                              1 440 00
  18 12   5 6250 MITSUBA ELECTRIC MFG
          CREDIT INTEREST         25000-  9014 5600000                                265 63     10 138
  19 12   6 0000 WORLD BANK
          CREDIT INTEREST         60000-  8326 5600000                              2 670 00     12 808 1

                                                                 --------------- --------------
          TRANSACT  & BALANCE     304000-                                   0 00   12 808 15     12 808

 771101     ****** INTEREST EARNED ON BONDS                US$

  15  1 14 1250 KELLOGS
          AMORT  BDS PREM                 5030 101001                 [illegible]
  15  1 14 1250 KELLOGS
          CREDIT INTEREST         25000-  5030 5600001                              2 812 50      2 718
  28  2 11 5000 AUSTRALIAN IND  DEVPT  C
          AMORT  BDS PREM                                             [illegible]
  28  2 11 5000 AUSTRALIAN IND  DEVPT  C
          CREDIT INTEREST         90000-  [illegible] 560000                        [illegible]   [illegible]
   1  3 16 2500 NEW BRUNSWICK ELECTRIC
          AMORT  BDS PREM                 5298 101001                 299 92
   1  3 16 2500 NEW BRUNSWICK ELECTRIC
          CREDIT INTEREST         10000-  5298 5600001                              1 625 00     13 488
  26  3  9 2500 EMI FINANCE BV
          ACCRUED INTEREST        20000+27042 5600001               1 752 56                     11 735 8
   9  4 14 1250 KELLOGS
          CREDIT INTEREST         85000-27045 5600001                               2 231 25
```

CSF INVESTMENTS LTD

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS (SUITE)				H 03121	
9 4	14.1250 KELLOGS					
	DEBIT INTEREST	60000+27044	5600001	1 575.00		12 392.10-
15 4	9.2500 EMI FINANCE BV					
	CREDIT INTEREST	20000- 6436	5600001		1 850.00	14 242.10-
6 5	8.5000 SOCIETE GENERALE WARRANT					
	ACCRUED INT.	50+27053	5600001	55.48		14 186.62-
9 5	6.6250 I.B.M. CREDIT CORP.					
	ADJ. ACCRUED INT	4000-16022	5600001		0.74	14 187.36-
16 6	14.7500 UNION CARBIDE					
	ACCRUED INT	11000+27059	5600001	202.81		13 984.55-
15 7	9.7500 BOWATER CORPORATION					
	CREDIT INTEREST	15000- 7065	5600001		1 462.50	15 447.05-
1 8	15.2500 PROV. OF NOVA SCOTIA					
	AMORT. BDS PREM	7351	814]NOVA		1 379.01	
1 8	15.2500 PROV. OF NOVA SCOTIA					
	INTEREST	50000- 7351	5600001		7 625.00	24 451.06-
3 9	15.0000 SPERRY RAND CURACAO					
	CREDIT INTEREST	50000- 7435	5600001		7 500.00	31 951.06-
10 9	9.0000 R.H.M. OVERSEAS FINANCE					
	ACCRUED INTEREST	100000+27075	5600001	625.00		31 326.06-
16 9	1.0870 S.N.C.F. PART.PAID 15/9/					
	ACCRUED INTEREST	50000+27076	5600001	1.51		31 324.55-
26 9	12.0000 BANK OF AMERICA					
	ACCRUED INTEREST	100000+27077	5600001	5 366.66		25 957.89-
1 12	7.0000 MITEL CORP. CV EXTL 97					
	INTEREST	100000- 8362	5600001		7 000.00	32 957.89-
2 12	9.2500 EMI FINANCE BV					
	ACCRUED INT.	20000-27098	5600001		1 166.52	34 124.41-
15 12	16.2500 NEW BRUNSWICK ELECTRIC					
	CREDIT INTEREST	10000- 8350	5600001		1 304.51	
15 12	14.7500 UNION CARBIDE					
	CREDIT INTEREST	11000- 8356	5600001		1 027.58	
15 12	9.8750 PROCTER & GAMBLE COMPANY					
	INTEREST	35000- 8360	5600001		3 456.25	39 912.75-
19 12	12.1250 PRUDENTIAL REALTY SEC.'S					
	CREDIT INTEREST	50000-27081	5600001		5 624.65	

CSF INVESTMENTS LT

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

H 03122

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
771101	INTEREST EARNED ON BONDS	(SUITE)			
19 12	1.0870 S.N.C.F. PART PAID 15/9/				
	CREDIT INTEREST	50000-27084 5600001		141.98	
19 12	7.0000 MITEL CORP CV EXTL 97				
	CREDIT INTEREST	100000-27086 5600001		350.00	
19 12	12.0000 HAMERSON PROP. INV DEVPT				
	CREDIT INTEREST	25000-27087 5600001		2 925.00	
19 12	12.0000 BANK OF AMERICA				
	CREDIT INTEREST	100000-27089 5600001		8 133.33	
19 12	11.5000 CANADA				
	CREDIT INTEREST	75000-27091 5600001		6 396.88	
19 12	11.5000 AUSTRALIAN IND. DEVPT. C				
	CREDIT INTEREST	90000-27092 5600001		8 366.25	
19 12	9.0000 R.H.M. OVERSEAS FINANCE				
	CREDIT INTEREST	100000-27093 5600001		3 100.00	
19 12	7.7500 SONY CORPN. EX WARRANTS				
	CREDIT INTEREST	75000-27095 5600001		3 697.40	
19 12	9.8750 PROCTER & GAMBLE COMPANY				
	CREDIT INTEREST	35000-27097 5600001		38.40	
19 12	15.2500 PROV. OF NOVA SCOTIA				
	CREDIT INTEREST	50000-14116 5600001		2 922 92	81 609 5
22 12	6.6250 I B M. CREDIT CORP				
	CREDIT INTEREST	6000-16051 5600001		247.33	81 856 8
	TRANSACT. & BALANCE	939950-	10 878 11	92 735.00	81 856 8
771103	****** INTEREST EARNED ON BONDS	DM			
22 10	7.2500 KINGDOM OF SWEDEN				
	ACCRUED INTEREST	10000+ 8091 5600003	522 39		522 3
15 12	7.2500 KINGDOM OF SWEDEN				
	CREDIT INTEREST	10000- 8343 5600003		638.40	116 01
	TRANSACT. & BALANCE		522 39	638.40	116 0

777

CSF INVESTMENTS LTD

```
4201      KOREL ASSETS
          LEDGER                            FROM 01 01 86 TO 31 12 86

A/C.  NAME & DESCRIPTION                    DOC NO CONTRA                         DEBIT        CREDIT        BALANCE

771110     ****** INTEREST EARNED ON BONDS            YEN                                      H 03123

  1  7  7.1250 PROVINCE OF NEW BRUNSWIC
        AMORT. BDS PREM.                         7146 *                          220 19
  1  7  7.1250 PROVINCE OF NEW BRUNSWIC
        CREDIT INTEREST                   100000- 7156 5600010                              7 125.00       6 904.81-
  4  8  3.6000 SHIMACHU CO.,LTD.
        ACCRUED INTEREST                  300000+60340 5600010                 4 180 92
  4  8  4.8000 MAZDA CV
        ACCRUED INTEREST                  200000+21086 5600010                 2 019.94                      703.95-
 27  8  4.8000 MAZDA CV
        ACCRUED INTEREST                  200000-21104 5600010                              2 503.89       3 207.84-
 30  8  3.6000 SHIMACHU CO.,LTD.
        INTEREST                          300000- 7274 5600010                              4 320.00       7 527.84-
 17  9  2.0000 MATSUSHITA EL WORKS CV 3
        ACCRUED INTEREST                  100000+21109 5600010                    83.20                    7 444.64-
  1 10  2.0000 MATSUSHITA EL WORKS CV 3
        ACCRUED INTEREST                  100000-21112 5600010                                144.63       7 389.27-
  8 12  3.6000 SHIMACHU CO.,LTD.
        ACCRUED INTEREST                  300000-16050 5600010                              2 636.37      10 225.64-
 15 12  7.1250 PROVINCE OF NEW BRUNSWIC
        CREDIT INTEREST                   100000- 8332 5600010                              3 259.00      13 484.64-
                                                                           -------------- --------------
        TRANSACT. & BALANCE               500000-                              6 504.25    19 988.89      13 484.64-

771120     ****** INTEREST EARNED ON BONDS            $AU

  7  3 14.2500 SCANDINAVIAN AIRLINE SYS
        ACCRUED INT.                       20000+ 5418 5600020                     7.97                        7.97
 22 12 14.2500 SCANDINAVIAN AIRLINE SYS
        CREDIT INTEREST                    20000-22028 5600020                              2 264.17       2 256.20
                                                                           -------------- --------------
        TRANSACT. & BALANCE                                                        7.97     2 264.17       2 256.20
```

4201 KOREL ASSETS
LEDGER

CSF INVESTMENTS LT
[illegible] RMUDA

FROM 01 01 86 TO 31 12 86

H 03124

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
771201	****** DIVIDENDS	US$			
14 2	EMERY AIR FREIGHT CORP. DIVIDEND	2000- 5333 5600001		175.00	175.00
10 3	MOBIL CORP DIVIDEND	100- 5435 5600001		38.50	213.50
18 3	BATTLE MOUNTAIN GOLD CO. DIVIDEND	1500- 5435 5600001		26.25	239.75
25 3	CHESEBROUGH - PONDS INC. DIVIDEND	100- 5435 5600001		35.00	274.75
10 6	MOBIL CORP DIVIDEND	100- 6441 5600001		38.50	313.25
16 6	FOSTER WHEELER CORP. DIVIDEND	400- 6441 5600001		30.80	344.05
18 6	BATTLE MOUNTAIN GOLD CO. DIVIDEND	1500- 6441 5600001		26.25	370.30
10 9	MOBIL CORP DIVIDEND	100- 7435 5600001		38.50	408.80
15 9	FOSTER WHEELER CORP. DIVIDEND	400- 7435 5600001		30.80	439.60
18 9	BATTLE MOUNTAIN GOLD CO. DIVIDEND	1500- 7435 5600001		26.25	465.85
15 12	FOSTER WHEELER CORP. DIVIDEND	400- 8487 5600001		30.80	496.6
	TRANSACT. & BALANCE	8100-	0.00	496.65	496.6
771210	****** DIVIDENDS	YEN			
22 1	TEIKOKU TSUSHIN (6763) DIVIDEND	550- 5154 5600010		1 540.00	1 540.00
17 7	TEIKOKU TSUSHIN (6763) DIVIDEND	550- 7323 5600010		1 540.00	3 080.00
23 7	TOYODA MACHINE WORKS DIVIDEND	400- 7141 5600010		1 870.00	4 950.00

779

```
4201     KOREL ASSETS
         LEDGER                                                                  CSF INVESTMENTS LT
                                      FROM 01 01 86 TO 31 12 86
A/C.  NAME & DESCRIPTION                   DOC.NO CONTRA
771210   DIVIDENDS                                                  DEBIT         CREDIT         BALANCE
                                                 (SUITE)

        TRANSACT. & BALANCE          1500-                    -------------- -----------ǂ-03125
771212     ###### DIVIDENDS                                           0.00       4 950.00        4 950.00-
                                                 MFK
        TRANSACT. & BALANCE
772100     ###### INTEREST EARNED ON LOANS                            0.00           0.00            0.00
                                                 FS
   3  1 PN 8315 INT. DECEMBER 1985
   5  2 PN 8315 INT JAN 86               5010 5600000
   5  3 PN 8315 INT FEB.                 1180 5600000                          324.00          324.00-
   7  4 PN 8315 INT. MARCH 86            1355 5600000                          324.00          648.00-
   1  5 PN 8315 INT. APRIL 86            6017 5600000                          292.64          940.64-
   9  6 PN 8315 INT. MAY 86              6132 5600000                          324.00        1 264.64-
  14  7 PN 8315 INT. JUNE 86             6297 5600000                          313.54        1 578.18-
   6  8 PN 8315 INT. JULY 86             7038 5600000                          313.54        1 891.72-
   8  9 PN 8315 INT. AUGUST 86           7167 5600000                          313.54        2 205.26-
   3 10 PN 8315 INT. SEPTEMBER 1986      7341 5600000                          324.00        2 529.26-
   6 11 PN 8315 INT  OCTOBER 86          8004 5600000                          324.00        2 853.26-
   4 12 PN 8315 INT. NOVEMBER 86         8149 5600000                          313.54        3 166.80-
                                         8290 5600000                          324.00        3 490.80-
                                                                               313.54        3 804.34-

        TRANSACT. & BALANCE                                   -------------- --------------
772201     ###### INTEREST EARNED ON FTD                              0.00       3 804.34        3 804.34-
                                                 US$
   7  4 INTEREST
  25  4 INTEREST                         6015 5600001
   9  6 INTEREST                         6434 5600001                        1 205.56        1 205.56-
  16  6 CALL INT.                        6317 5600001                           44.29        1 249.85-
  24  6 CALL INT.                        6384 5600001                        2 233.00        3 482.85-
  24  6 CALL INT.                        6414 5600001                          145.83        3 628.68-
   9  7 INTEREST                         6414 5600001                           50.00
   9  7 CALL INTEREST JUNE               7025 5600001                           16.66        3 695.34-
                                         7078 5600001                        1 047.42
                                                                                69.45        4 812.21-
```

4201 KOREL ASSETS
LEDGER
FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LT

A/C	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
772201	INTEREST EARNED ON FTD	(SUITE)			
31 7	CALL INTEREST	7206 5600001			
11 8	INTEREST	7187 5600001		351.77	5 163.98
2 9	INTEREST	7357 5600001	H 03126	1 128.08	6 292.0
3 9	INTEREST	7369 5600001		271.23	6 563.2
8 9	CALL INT.	7371 5600001		80.99	6 644.2
11 9	ACCRUED INTEREST	7315 5600001		346.58	6 990.8
7 10	CALL INTEREST	8029 5600001		988.13	7 978.9
3 11	CALL INTEREST	8193 5600001		300.61	8 279.6
				490.48	8 770.08
			--------------	--------------	
	TRANSACT. & BALANCE		0.00	8 770.08	8 770.08
772301	****** INCOME ON INVESTMENTS	US$			
30 4	COSFIN B.V.				
	INT APRIL AT 10%	250- 2227 74]COS4			
31 5	COSFIN B.V.			250.00	250.00
	INTEREST MAY AT 9.50%	239- 2311 74]COS4			
30 6	COSFIN B.V.			239.48	489.48
	INTEREST JUNE	241- 2476 74]COS4			
31 7	COSFIN B V			241.36	730.84
	INTEREST JULY	243- 3231 74]COS4			
31 8	COSFIN B.V			243.29	974.13
	INTEREST AUGUST	226- 3296 74]COS4			
30 9	COSFIN B.V.			225.85	1 199.98
	INTEREST SEPT 8.5%	221- 3480 74]COS4			
31 10	COSFIN B.V.			221.00	1 420.98
	INTEREST OCTOBER 8.5%	222- 4146 74]COS4			
7 11	INTEREST COSS 5/9-31/10/86	4203 5600001		222.57	1 643.55
30 11	COSFIN B.V.			3 114.51	4 758.06
	INTEREST	224- 4325 74]COS4			
11 12	COSFIN B.V.			224.14	4 982.20
	INTEREST	82- 4436 74]COS4			
11 12	]COSS INT FROM 1/11/86	4436 5600001		81.63	
				2 280.27	7 344.10
			--------------	--------------	
	TRANSACT. & BALANCE	1948-	0.00	7 344.10	7 344.10

4201 KOREL ASSETS
LEDGER FROM 01 01 86 TO 31 12 86

CSF INVESTMENTS LTD

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE

H 03127

CSF INVESTMENTS LTD.

4201 KOREL ASSETS
LEDGER

FROM 01 01 86 TO 31 12 86

A/C.	NAME & DESCRIPTION	DOC NO	CONTRA	DEBIT	CREDIT	BALANCE
			US$			
9	****** TRANSIT ACCOUNT					
				***************	***************	
				18 097 412.87	18 097 412.87	0.00
	GRAND TOTALS					
				***************	***************	

A 03128

```
2000      C.S.F. INV  LTD
          LEDGER                      FROM 01 01 85 TO 31 12 85                            86 03 13  PAGE    363

A/C    NAME & DESCRIPTION             DOC NO CONTRA                          DEBIT          CREDIT          BALANCE
```

H 03129

784

```
4201001   ****** KOREL ASSETS                        CASH     US$

 8   7 ON  CALL                  260000+ 7209 *5606001                   260 000.00                      260 000.00
24   7 NEW FUNDS                         7124 5606001                                   522 820.00      262 820.00-
26   7 PURCHASE                     500+ 3108 5900001                     29 750.00
26   7 PURCHASE                   50000+ 3108 5900001                     56 500.00
26   7 ACCRUED INT                50000+ 3108 5900001                      7 520.55
26   7 PURCHASE                   50000+ 3108 5900001                     53 500.00
26   7 ACCRUED INT                50000+ 3108 5900001                      6 760.27
26   7 SFR/US$ AT 2.3470                 7120 890001     234 700.00+     100 000.00                        8 789.18-
 7   8 REDEMPTION SERFID                 7155 5900001                      8 042.24
 7   8 INT. CALL JULY                    7209 *5606001                                    1 191.67        1 938.61-
 9   8 OFF CALL                   80000- 7334 *5606001                                   80 000.00       81 938.61-
15   8 ON  CALL                   80000+ 7334 *5606001                    80 000.00                        1 938.61-
28   8 OFF CALL                  120000- 7334 *5606001                                  120 000.00      121 938.61-
 5   9 OFF CALL                   40000- 7404 *5606001                                   40 000.00      161 938.61-
 6   9 PURCHASE                  100000+ 7356 *5627001                   107 000.00
 6   9 ACCRUED INT.              100000+ 7356 *5627001                     5 347.22
 6   9 OFF CALL                  100000- 7404 5606001                                   100 000.00      149 591.39-
 7   9 INT. CALL                         7342 *5606001                                    1 406.30      150 997.69-
10   9 DIVIDEND                     100- 8039 *5614001                                       38.50      151 036.19-
16   9 ON  CALL                  100000+ 7404 *5606001                   100 000.00                       51 036.19-
27   9 ON  CALL                   40000+ 7404 *5606001                    40 000.00                       11 036.19-
 1  10 CHQ TO RICHARD V. SECORD          8023 *                           52 600.00
 1  10 CREDIT INTEREST            50000- 8039 5614001                                     7 500.00
```

CSF INVESTMENTS LTD.

2000 C.S.F. INV. LTD
LEDGER FROM 01 01 85 TO 31 12 85

86 03 13 PAGE 364

A/C.	NAME & DESCRIPTION	CASH	DOC.NO	CONTRA	DEBIT	CREDIT	BALANCE
4201001	KOREL ASSETS	CASH		(SUITE)			
1 10	DIVIDEND	500-	8039	5614001		262.50	
1 10	REDUCTION PURCH PRICE		8039	#5614001		300.00	33 501.31
2 10	9.7500 BOWATER CORPORATION PURCHASE	7000+	8008	27]BOWA	6 982.50		
2 10	9.7500 BOWATER CORPORATION ACCRUED INT	7000+	8008	27]BOWA	149.59		
2 10	15.7500 CONTINENTAL ILL. O'SEAS PURCHASE	30000+	8008	27]CON	31 050.00		
2 10	15.7500 CONTINENTAL ILL. O'SEAS ACCRUED INT	30000+	8008	27]CON	2 757.33		
2 10	9.7500 BOWATER CORPORATION PURCHASE	8000+	8010	27]BOWA	8 000.00		
2 10	9.7500 BOWATER CORPORATION ACCRUED INT	8000+	8010	27]BOWA	168.82		
2 10	15.7500 CONTINENTAL ILL. O'SEAS PURCHASE	3000+	8010	27]CON	3 090.00		
2 10	15.7500 CONTINENTAL ILL. O'SEAS ACCRUED INT	3000+	8010	27]CON	279.62		
2 10	PURCHASE	25000+	8010	27]KELLO	25 937.50		
2 10	ACCRUED INT	25000+	8010	27]KELLO	2 003.42		
2 10	UNIT DRILLING & EXPL. CO. PURCHASE	800+	8010	13UDE	2 500.00		
2 10	XIDEX CORP. PURCHASE	1000+	8010	13XID	13 000.00		
2 10	ALA MOANA HAWAII PURCHASE	3000+	8010	14ALA	5 400.00		
2 10	MOBIL CORP PURCHASE	100+	8010	14MOB	2 975.00		
2 10	16.2500 NEW BRUNSWICK ELECTRIC PURCHASE	10000+	8010	27]NEWB	11 425.00		
2 10	16.2500 NEW BRUNSWICK ELECTRIC ACCRUED INT	10000+	8010	27]NEWB	956.94		150 177.03
5 10	MGT FEES 3RD QUARTER 1985		8001	#720001	1 046.36		151 223.39
10 10	OFF CALL	100000-	8148	#5606001		100 000.00	51 223.39

‖ 03130

CSF INVESTMENTS LTD.
HAMILTON, BERMUDA

785

Chapt.
Footnote 22-11

UNCLASSIFIED

4.250

[illegible]/Released on 1/21/88
under provisions of E.O. 12356
[illegible], National Security Council

H 1779

MEMORANDUM

TO :	Roland Farina Isabelle Allais ✓
FROM :	Willard I. Zucker
RE :	Energy Resources
DATE :	10 July 1985

On 29 June 1985, I withdrew from the account of Compagnie de Services Fiduciaires at Republic National Bank of New York US$20,000 = $15,000 in a check and $5,000✓in cash. [illegible] For SERFID, this is simply an exchange and it should be reimbursed the $20,000 plus 1.5%, or $300, to cover loss of interest and handling costs.

Roland, you should make a transfer from the account of ENERGY of $20,300 to SERFID at whichever bank Isabelle needs the money, and in your ENERGY accounting you should take this amount from the profit share of Albert Hakim.

WIZ/ac

4744

UNCLASSIFIED

22-11

See Hearing Exhibit AH-32

22-13

CLASSIFIED AT TIME OF PUBLICATION.

22-14

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

Chag Exh 22-22

ARTHUR ANDERSEN SA
GENEVE

AUTHORIZED FOR FILING JBY
DOCUMENT NO. 606451 CG4
CSF Investments Ltd

To the Shareholders of
CSF Investments, Ltd.:

We have examined the balance sheet of CSF INVESTMENTS, LTD. (a Bermuda Company) as of December 31, 1984 and the related statements of income and retained earnings and changes in financial position for the year then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

CR F

2215

As discussed in note 3, U.S.$8,417,565 are due from the Parent. We have not audited the financial statements of the Parent as of December 31, 1984 and consequently cannot form an opinion as to the ultimate realization of this amount.

In our opinion, subject to the realization of the amounts due from the Parent the financial statements referred to above present fairly the financial position of CSF Investments, Ltd. as of December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in conformity with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN SA

~~Declassified~~/Released on 4/22/88
under provisions of E.O. [illegible]
by D. Reger, [illegible]

Geneva, Switzerland,
July 30, 1985.

UNCLASSIFIED

474F

UNCLASSIFIED

CSF INVESTMENTS, LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1984

(Currency - U.S. Dollar)

CR F 2216

CASH PROVIDED BY:	
Operations-	
Net income	154,403
Due from parent, at sight	507,338
Accounts receivable	43,864
Due to customers, at sight	194,858
Loans due to customers	3,403,087
	4,303,550
CASH APPLIED TO:	
Advances and loans due from parent	49,856
Due from customers, at sight	863,953
Time deposits	564,268
Marketable securities	363,874
Precious metals	12,150
Advances and loans due from a related company	1,205,479
Advances and loans due from third parties	880,133
Due to parent, at sight	82,195
Accrued expenses	3,960
Reserve on forward contracts	40,943
Dividend paid	12,000
	4,078,811
	224,739
INCREASE (DECREASE) IN CASH:	
Cash with banks and with brokers	(292,483)
Due to banks and brokers	517,222
	224,739

UNCLASSIFIED

The accompanying notes are an integral part of this statement.

UNCLASSIFIED

CSF INVESTMENTS, LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1984

(Currency - U.S. Dollar)

CR F 2217

INCOME:	
Commission and management fees	230,794
Interest earned	849,781
	1,080,575
EXPENSES:	
Interest expense	755,686
Net realized loss on investments	15,614
Administration expenses	73,085
Other fees and charges	16,387
Exchange loss	65,400
	926,172
Net income	154,403
RETAINED EARNINGS, beginning of year	298,297
Less- Dividends paid	(12,000)
RETAINED EARNINGS, end of year	440,700

UNCLASSIFIED

The accompanying notes are an integral part of this statement.

UNCLASSIFIED

CSF INVESTMENTS, LTD.

BALANCE SHEET - DECEMBER 31, 1984

(Currency - U.S. Dollar)

CR F 2218

ASSETS

CASH WITH BANKS AND BROKERS		666,646
DUE FROM CUSTOMERS, AT SIGHT		1,070,025
TIME DEPOSITS		751,614
MARKETABLE SECURITIES (Note 2)		571,113
PRECIOUS METAL (Note 2)		68,850
ACCOUNTS RECEIVABLE		31,667
ADVANCES AND LOANS (Note 3):		
Due from parent	8,417,565	
Due from a related company	2,794,479	
Due from third parties	2,131,650	13,343,694
MARKETABLE INVESTMENTS HELD FOR CUSTOMERS' ACCOUNTS (Note 4)		20,727,208
		37,230,817

LIABILITIES AND SHAREHOLDERS' INVESTMENT

DUE TO BANKS AND BROKERS		538
DUE TO CUSTOMERS, AT SIGHT		1,316,264
DUE TO PARENT, AT SIGHT		1,036,117
ACCRUED EXPENSES		73,869
CUSTOMERS' FUNDS UNDER MANAGEMENT (Note 5)		
- Loans due to customers	13,536,121	
- Marketable securities, precious metals and time deposits	20,727,208	34,263,329
		36,690,117
SHAREHOLDERS' INVESTMENT:		
Share capital authorized and outstanding		100,000
Retained earnings		440,700
		540,700
		37,230,817

UNCLASSIFIED

The accompanying notes are an integral part of this balance sheet.

22-23

See Final Report Exhibit Chapter 22, Footnote 10

22-25

CLASSIFIED AT TIME OF PUBLICATION.

```
2000      C.S.F. INV. LTD                                                                    86 03 13  PAGE    365
          LEDGER                           FROM 01 01 85 TO 31 12 85

A/C.  NAME & DESCRIPTION                   DOC NO CONTRA                       DEBIT          CREDIT        BALANCE

4201001  KOREL ASSETS              CASH               (SUITE)
 15 10 INT  CALL SEPT                         8075 #5606001                                     433.00
 15 10 ON  CALL                       100000+ 8148 #5606001                   100 000.00                    150 790.39
 17 10 REDEMPTION                     140000- 8071 999901                                   140 000.00       10 790.39
 22 10 SFR/US$ AT 2.18                        8093 890001      23 980.00-                    11 000.00          209.61
  8 11 PURCHASE                          100+14007 #5614001                     4 054.50                      3 844.89
 15 11 INTEREST                               8219 #5606001                                     373.44        3 471.45
 22 11 CALL CHESEBROUGH 100 SH $35
       PURCHASE                            1+22009 22CBMGG                        859.20                      4 330.65
 27 11 PURCHASE                        35000+27022 #5627001                    34 650.00
 27 11 ACCRUED INT                     35000+27022 #5627001                         9.60                     38 990.25
  1 12 CREDIT INTEREST                100000- 8271 #5627001                                   7 000.00       31 990.25
  2 12 15.7500 CONTINENTAL ILL. O'SEAS
       SALE                            33000-27019 27]CON                                    33 742.00
  2 12 15.7500 CONTINENTAL ILL. O'SEAS
       CREDIT INTEREST                 33000-27019 27]CON                                     3 912.56        5 664.31
 10 12 DIVIDEND                          100- 8423 #5614001                                      38.50        5 702.81
 16 12 SALE                              500-14004 5614001                                   32 082.66
 16 12 PURCHASE                         2000+14004 5614001                     33 930.83
 16 12 DIVIDEND                          500- 8423 #5614001                                     262.50
 16 12 DIVIDEND                          100- 8423 #5614001                                      35.00        4 152.14
 17 12 PROFIT DISTRIBUTION PHASE IV           8333 999901                                   100 800.00      104 952.14
 19 12  9.8750 COCA COLA COMPANY
       SALE                            35000-27027 27]COCA                                   35 262.50
 19 12  9.8750 COCA COLA COMPANY
       CREDIT INTEREST                 35000-27027 27]COCA                                      220.82      140 435.46
 20 12  9.8750 PROCTER & GAMBLE COMPANY
       PURCHASE                        35000+27026 27]PROC                     35 000.00
 20 12  9.8750 PROCTER & GAMBLE COMPANY
       PURCHASE ACC INT                35000+27026 27]PROC                         48.00                    105 387.46
 24 12 11.5000 AUSTRALIAN IND. DEVPT. C
       PURCHASE                        90000+27028 27]AIDC                     95 512.50
 24 12 11.5000 AUSTRALIAN IND. DEVPT. C
       ACCRUED INT                     90000+27028 27]AIDC                      8 510.00                      1 364.96

                                                                          -------------- --------------
       TRANSACT. & BALANCE          605701+                    210 720.00+  1 337 316.99   1 338 681.95       1 364.96
```

H 05131

CSF INVESTMENTS LTD.

```
2000     C.S.F. INV. LTD                                                                  86 03 13  PAGE    366
         LEDGER                              FROM 01 01 85 TO 31 12 85

A/C   NAME & DESCRIPTION                         DOC.NO CONTRA                             DEBIT         CREDIT        BALANCE

201010    ****** KOREL ASSETS                      CASH      YEN

 2 10  7.1250 PROVINCE OF NEW BRUNSWIC
         PURCHASE                     100000+ 8010 16JNEW                          103 000.00           H 03132
 2 10  7.1250 PROVINCE OF NEW BRUNSWIC
         ACCRUED INT                  100000+ 8010 16JNEW                            1 835.00
 2 10 NITTO BOSEKI CO. (3110)
         PURCHASE                       1050+ 8010 15NI-BO                         380 100.00
 2 10 TEIKOKU TSUSHIN (6763)
         PURCHASE                        550+ 8010 15TEIKO                         290 400.00
 2 10 CHANGE YEN/SFR                           8010 890110        7 800.00-                     775 335.00          0.00
 6 12 SALE                              1050-15020 *5615010                                     371 227.00    371 227.00-

                                                                               ------------  ------------
         TRANSACT. & BALANCE          200550+                     7 800.00-    775 335.00  1 146 562.00    371 227.00-

201500    ****** KOREL ASSETS                      LOANS    FS

26  7 PN 8508                                  3108 5900500                                  40 000.00
26  7 PN 8315                                  3108 999900                                   60 200.00    100 200.00-
21  8 PN 8508 PART RBT                         3306 *5900500                    16 000.00                  84 200.00-
 2 10 PN 8508 RBT                              4031 *5900500                    24 000.00                  60 200.00-

                                                                               ------------  ------------
         TRANSACT. & BALANCE                                                    40 000.00    100 200.00     60 200.00-
```

HAMILTON BERMUDA

22-27629

CLASSIFIED AT TIME OF PUBLICATION.

22-30

See Hearing Exhibits EA-22, OLN-203, and OLN-307

UNCLASSIFIED

Chapter
~~Footnote~~ 22-31

2445

OK TO ENTER FILE

10645 10649

Rcv: @LIM/[redacted] Line: [illegible]

DEC 21 1984 0937
[illegible] FLTCBANK

23565 SOGIN CH
GENEVA, DECEMBER [illegible]
ATTN: MRS N. [illegible]
RE: [illegible] CSF INVESTMENTS
PLEASE TRANSFER FOR [illegible] OF US DLRS 14 742.51
TO CALIFORNIA 1ST BANK
12221 SOUTH [illegible]
NORWALK
90650 CALIFORNIA
IN FAVOUR OF
[illegible] AND [illegible] PARTNERS AND LAW CORPORATION
TRUST ACCOUNT
A/C NO [illegible]
TEST KEY [illegible]
THANK YOU IN ADVANCE.
VALUE 21/12/84
REGARDS.
CSF INVESTMENTS.

PLEASE SEND ATTN: MRS N. [illegible]

REPLY VIA ITT

Time: 09:38 12 21 84 EST
Connect Time : 1 14 seconds

FF

75-11

~~Partially Declassified~~/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

4746

UNCLASSIFIED

22-31

CLASSIFIED AT TIME OF PUBLICATION.

22-50

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 22, Footnote 53,56

SC 0400

22-53+56

UNCLASSIFIED

LAW OFFICES
SHARP, GREEN & LANKFORD
800 MASSACHUSETTS AVENUE N.W.
WASHINGTON, D.C. 20036

JAMES E. SHARP
THOMAS C. GREEN
W. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ*
ROBERT L. VOGEL†

* MEMBER OF PA BAR ONLY
† MEMBER OF NY & NJ BAR ONLY

TELEPHONE
202 859-2400
TELECOPIER 202 296-1349
TELEX 897 4605 SGL

August 18, 1987

Arthur Liman, Esq. Counsel to U.S. Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Oppos. 901 Hart Senate Office Bldg. Washington, DC 20510	John W. Nields, Jr., Esq. Counsel to U.S. House Select Committee to Investigate Covert Arms Transactions with Iran Room H419, United States Capitol Washington, DC 20510

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct certain aspects of his testimony given under oath at the last deposition session, at which both of you were in attendance. I am sorry that I can no longer supply the precise date of that session.

Mr. Secord was asked to acknowledge that he had been advised concerning a potential conflict of interest on the part of the undersigned arising out of the undersigned's refusal to answer inquiries from the Office of Independent Counsel about a specific incident which arose during the time the undersigned represented both Lieutenant Colonel Oliver North and Mr. Secord.

Mr. Secord replied that he had been independently advised concerning this matter, and he confirmed his insistence that the undersigned remain as his counsel. At the time of his answer, Mr. Secord had had conversations with other attorneys in my office concerning this matter, but, as I explained to Mr. Secord following the deposition session, those consultations could not be deemed to be with separate and unrelated counsel.

Since that time Mr. Secord did retain and did consult with separate and unrelated counsel to explore all the ramifications surrounding the potential conflict of interest issues. Since receiving this independent advice, his decision remains the same. However, I thought it prudent to write you and to clarify what I think may be some confusion in the

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

4747

UNCLASSIFIED

record. Accordingly, I ask that you consider this letter as supplementation to, or correction of, Mr. Secord's previous testimony.

Sincerely yours,

Thomas C. Green
Attorney for Richard V. Secord

Seen and Agreed to:

Richard V. Secord

18 Aug 1987
Date

UNCLASSIFIED

LAW OFFICES
SHARP, GREEN & LANKFORD
1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036

JAMES E. SHARP
THOMAS C. GREEN
V. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ *
ROBERT L. VOGEL +

* MEMBER OF PA BAR ONLY
+ MEMBER OF NY & NJ BAR ONLY

TELEPHONE
202 659-2400
TELECOPIER 202 296-249
TELEX 697 4605 SOLDC

SC 040[illegible]

August 20, 1987

HAND DELIVERED

The Honorable Lee H. Hamilton
Permanent Select Committee on
International Affairs
U.S. House of Representatives
United States Capitol
Room H405
Washington, DC 20515

The Honorable Daniel K. Inouye
Chairman, U.S. Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
Washington, DC 20515

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct and comment on certain testimony taken before the Select Committees and to respond to certain statements made by various members of the Committees which misrepresent the facts and portray my client and his conduct in a false and underserved light. In view of the effort undertaken by various members of the Committees to discredit General Secord and the attempts to impeach portions of his testimony, we feel it fair and appropriate that this letter and the accompanying exhibits be made a part of the official record of investigation; and we formally request such relief.

General Secord was the first witness called to give public testimony. His appearance before the Committees followed countless hours of debriefing during which he patiently and with great accuracy recited the facts and

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

4748

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 2

circumstances surrounding the operational details of the Contra supply operation and the Iranian initiative. It is only fair for the Committees to acknowledge that the information provided by General Secord was of critical importance and of invaluable assistance to the progress of the investigation. It should also be noted that General Secord ultimately succumbed to the entreaties of both Chief Counsel who largely induced his voluntary testimony by appeals to General Secord's sense of duty, service and responsibility to his country and the Congress.

General Secord was prepared for tough questions and tough criticism. But in light of the way his testimony was procured, we were not prepared for unfair criticism or for the technique employed by some interrogators of using false information to prompt derogatory comments about General Secord from other witnesses. When, from time to time, we contacted the staff to tender correct information and corroborating data we were usually thanked, but never vindicated. All the misinformation has been permitted to linger, and the record requires and deserves correction.

Several Senators were effusive in their use of the term "profiteer" when making reference to General Secord. We start from the rather basic proposition that every man is entitled to make a living. General Secord devoted two years to the Iran/Contra projects at the expense of virtually all other business pursuits. During that time he received a salary of $6000 per month. The amount is hardly excessive.

Albert Hakim acknowledged in his testimony on June 3, 1987, that he accumulated profits from arms sales for the benefit of General Secord in an account known as Korel Assets even though General Secord forswore any such remuneration. None of the accumulated profits were ever distributed to General Secord, a fact confirmed by House Counsel, Mr. Nields, when he stated publicly on June 3rd that:

> I think the record should reflect that unlike some of these other accounts, we have been able to determine no withdrawals from the Korel Assets account as of this date.

A great deal of time and attention was devoted by members of the Committees in examining the profit earned on arms transactions. The frenzy to portray these sales as generating exhorbitant profit came close to overshadowing what should have been the more important issues. General Secord testified that the gross profit on arms sales ranged from between 20 percent to 30 percent. That markup was and is extremely reasonable, and the merchandise delivered was unquestionably of high quality. When General Singlaub appeared some members again attempted to use his testimony to criticize General Secord's efforts through a supposed comparison of the prices charged by each. The comparison was nonsense and the equivalent of an apple and orange exercise. We demonstrated

UNCLASSIFIED

all of this in a letter I wrote to the Committees on May 26, 1987. A copy of my letter is attached hereto for your convenience. Additionally, we supplied the staff with an "Arms Sales Profit Analysis" memo which was nothing more than an exercise in basic arithmetic confirming the profit margins testified to. A copy of this document is also attached. It is our belief that the staff has now been able to confirm the basic accuracy of our figures. Finally, I note the testimony of General Secord's customer, Mr. Calero, who acknowledged in his testimony on May 20, 1987, that General Secord's prices for ammunition and FAL type rifles were extremely reasonable and about 50 percent less than what this government was charging the witness for the same items.

Although General Secord never withdrew money from his so-called profit account and although he attempted no movement or secreting of funds during the days when these operations were on the brink of public disclosure, the notion was born and nurtured by several members of the Committees that the residual funds were accumulated and preserved principally because of devious profit motives, all of which worked to the unfortunate detriment of the Contras. This is a pernicious and particularly offensive allegation.

Funds were on hand when these transactions terminated simply because the ongoing operations were aborted. General Secord was saddled with the responsibility to preserve and

UNCLASSIFIED

allocate funds in response to a number of real and anticipated needs. This required a continuing assessment of priorities and the need to reserve against contingencies known and unknown. General Secord delivered to the Committees long ago most of his original, contemporaneous worksheets which reflect his decisional process. None of this material was contrived, and no one has been silly enough to suggest otherwise. Even a cursory review of this material will demonstrate that General Secord intended that the residual funds were to be devoted to operations.

Rather than burden this letter with a detailed summary of General Secord's testmony, I have included an extrapolation from the documents he provided, which is essentially a series of "snapshots" which capture the process of allocation over time in 1986.

FUNDS AVAILABLE AND ANTICIPATED DISBURSEMENTS

A. Early February, 1986 -- $87,000 available. Several million dollars required to carry through with the Central American airlift project.

UNCLASSIFIED

UNCLASSIFIED

B. Early March, 1986 -- $6 million available. $2-4 million required for aircraft hull self-insurance per Israeli demand.[*]

C. Estimated disbursements for March and April, 1986, included the following:

Israeli Air Force	$ 150,000
Costa Rica Air Strip Project (Contra)	150,000
Defex (Contra)	2,360,000
Aircraft Procurement (Contra)	1,000,000
Salaries (Contra)	50,000
Contra Medical Expenses	50,000
Initial Blowpipe Procurement (Contra)	200,000
Fenced Insurance Fund (Contra)	200,000
	$4,160,000[**]

---

[*] We are confident that the Israelis will confirm this requirement.

[**] Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

UNCLASSIFIED

D. April 1, 1986 -- $5 million available. Estimated disbursements for April, May and June, 1986, included:

Aircraft Operations and Maintenance (Contra)	$ 650,000
Israeli Air Force	150,000
Communications Procurement (Contra)	100,000
Initial Blowpipe Procurement (Contra)	350,000
Medical Supplies and Local Operations at [redacted] (Contra)	45,000
Southern Air Transport (Contra)	120,000
Salaries (Contra)	72,000
Defex (Contra)	2,200,000
Israeli TOW's	822,000
	$4,509,000*

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

E. End April -- $4 million available. $4 million needed for hull insurance reserve. Estimated disbursements through June included:

Defex (Contra)	$ 280,000
Aircraft Operations and Maintenance (Contra)	650,000
Three British Air Crewmen (Contra)	110,000
Blowpipe Procurement (Contra)	1,000,000
Salaries (Contra)	72,000
Israeli TOW's	822,000
Costa Rica Air Field (Contra)	60,000
SAT (Contra)	55,000
Insurance Fund Fenced (Contra)	200,000
C123 Spare Parts (Contra)	200,000
Israeli Air Force	185,000
	$3,634,000*

---

[*] Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

F. Early June, 1986 -- Hull insurance requirement still in effect. $13 million available. Estimated disbursements through July, 1986, included:

Refund demanded by Ghorbanifar	$15,000,000
Airlift Operations and Maintenance through July (Contra)	500,000
Salaries through July (Contra)	90,000
Israeli Air Force	240,000
Costa Rica Airfield Completion	100,000
Shipload of Munitions (Contra - for delivery in August	3,300,000
Insurance Fund Fenced (Contra)	200,000
Aircraft Procurement (Contra)	500,000
	$19,930,000*

G. July 1, 1986 -- $12 million available. $2 million still needed for hull insurance. Ghorbanifar claims

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

$10 million owed to him. Estimated disbursements through August, 1986, included:

Refund demanded by Ghorbanifar	$10,000,000
Airlift Operation and Maintenance, July and August (Contra)	500,000
Salaries, July and August (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
Secure Communications Equipment (Iran)	120,000
Ship, Erria, Operations (Contra)	150,000
Shipload Munitions (Contra)	2,200,000
	$13,260,000*

H. Early August, 1986 -- $9 million available. Ghorbanifar still claims $10 million owed to him and threatens to expose the operation unless paid.

---

[*] Does not include what by this time is a $2 million hull insurance fund.

UNCLASSIFIED

Estimated disbursements through September, 1986, included:

Refund to Ghorbanifar	$10,000,000
Airlift Operations and Maintenance, August and September (Contra)	400,000
Salaries, August and September (Contra)	90,000
Shipping, Erria, Expenses (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
	$10,780,000*

Although at the time these operations were disclosed in November, 1986, approximately $8 million was available, Ghorbanifar still continued to press his claim. During this period General Secord contemplated the purchase of a 707 aircraft and spare parts in connection with implementing the

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 12

second channel ($2-2.5 million), and roughly a million dollars were owed or obligated on account of the following:

> Danish ship agent ($300,000+); Southern Air Transport ($100,000); death benefits ($200,000); Swiss Air charter ($50,000); [redacted] bills ($100,000); Costa Rica real estate bill ($100,000+) and $100,000 miscellaneous (including continued funding for the ship Erria).

Planning for the establishment and funding of a permanent European joint venture company to support U.S./Iranian commercial transactions over a several-year period (until such time as the two governments could deal directly with one another) was terminated when these operations were exposed. Israel had concurred in this venture, and it was contemplated that Iran would donate $20-40 million to the new venture to make it viable. This would include sufficient funds to "forward finance" procurements from the U.S. and from Europe after agreement by U.S. and Iranian government officials as envisioned in the nine-point plan.

The allocation exercise periodically undertaken by General Secord was admittedly based on estimates, but it is against this background of competing claims and demands that he made his decisions to fund the Contras at whatever level circumstances would permit. Ghorbanifar's claims were serious,

UNCLASSIFIED

and they presented a credible threat to the continuation of operations (although not in General Secord's view in any meaningful legal sense). Contrary to the picture painted at times at the hearings that abundant excess money was available to fund the Contras, funds were expended to support their operations almost always with consequent risk to the continuation of the Iranian operation and to General Secord personally. Had the Contra airlift project not been deemed so vital by General Secord, it might have been suspended or stopped any number of times as a result of other funding requirements.

In the final analysis over $4 million from the Iranian operation was expended for the benefit of the Contras as a result of General Secord's juggling of his priorities. In view of the fact that General Secord devoted two years of around-the-clock effort to making these projects work, we think it hardly fair to engage in an after-the-fact review of his priority decisions. He was after all, despite contentions to the contrary, acting in furtherance of the policies of this government and with its blessing.

There are a couple of other "money" issues which have been exaggerated to grotesque proportions. In October, 1985, well before the Iran initiative began, General Secord purchased a 1973 Seneca airplane for the approximate sum of $35,000. The money used to buy the aircraft came from a consulting fee and

UNCLASSIFIED

was reported as income on General Secord's 1985 tax return. In 1986 General Secord purchased a Porsche automobile for $31,000. (Porsche never got so much free publicity). General Secord insists that the money to buy the car was borrowed from Albert Hakim, consistent with a pattern of loans made to him in accordance with a 1983 business agreement, which includes yet another loan of $32,000 for legal fees made by Hakim in February of this year.

We, of course, are not familiar with the personal purchases of members of Congress. It would be interesting (perhaps) to know all about them. But what is so unwholesome or sinister (or of national importance) about buying a Porsche and a 15 year old airplane, and if you insist on linking these acquisitions to the Iran/Contra projects: "where's the beef?" If you add up every dime that found its way to General Secord's pockets which is in any way arguably related to the Iran/Contra projects (even without regard to what it represents), you never get above $225,000.00. That is hardly an extraordinary sum for two years of work, and it is clearly unworthy of the exploitation attempted by some members of the Committees.

Certain members of the Committees chose (we think deliberately) to ignore confirmed facts in an effort to embarrass General Secord and serve their personal, political agenda. For example, General Secord was accused of using donated funds to purchase Maule aircraft for himself, a

UNCLASSIFIED

supposed fact which astonished several of the donors during their public testimony and which was presumably designed to elicit similar emotions from the listening audience. The truth is simply that all Maule aircraft were transferred to the Contras; the Committees know that and knew it at the time this charade was played out in public.

Toying with the facts is unbecoming during a congressional investigation, yet it occurred frequently. In interrogating another witness, a Senator asserted that General Secord and Albert Hakim were the owners of East Inc., a company which contracted to provide operations and maintenance services in Central America. The claim is false. Even worse was the Senator's use and manipulation of documents to make it appear that General Secord was charging excessive profits on aircrew salaries. The facts are that the documents used by the Senator did not relate to aircrew salaries and, even more significantly, the documents were not records of any company owned or controlled by General Secord. The language used by the Senator to make his point was downright ugly, and the whole episode was outrageous.

Other members attempted to dance on General Secord's back by asserting that he had no security clearance. Again, the truth is that General Secord held the highest level DOD security clearance until January of 1987. When Felix Rodriguez was called to testify, he was fed a series of leading questions

UNCLASSIFIED

(in reality the answers) in an attempt to taint General Secord with the sins of convicted felon Edwin Wilson. Although Rodriguez denied any association with Wilson, it is he, not General Secord, who worked with and for Wilson over an extended period of time. Moreover, when Rodriguez was prompted to criticize the military supplies furnished by General Secord to the Contras, someone was kind enough to expose the fact that Rodriguez's hearsay was based on information from Mario Del Amico, a competitor in the arms supply business.

The attempt by certain members to seize opportunities to link General Secord to Edwin Wilson evolved rather quickly into blatant character assassination. General Secord did know Edwin Wilson long before the time Wilson's legal problems arose. Allegations first raised in 1982 that General Secord (and others) might have been involved in business transactions with Wilson were exhaustively investigated by the Department of Justice for over two years. The investigation of General Secord was ultimately terminated and formally closed for lack of any evidence -- a fact never mentioned by any member during the hearings.

General Secord and his colleagues were also criticized for departing from or misrepresenting United States foreign policy. This claim is absolutely baseless. His dialogue with the Iranians tracked established policy and was based on approved proposals. As the tapes would demonstrate,

UNCLASSIFIED

SC 040

General Secord never committed the United States to fighting the Russians in defense of Iran. General Secord knew about, and was qualified to explain, United States policy in regard to a possible Soviet invasion of Iran. [redacted]

Although other portions of the record are deserving of comment, it is impossible to examine each and every distortion or inaccuracy in a letter such as this. What is important to emphasize is that General Secord was made to pay a very high price for voluntarily coming forward, without immunity, to assist the Congress in its investigation, and, for sure, he is not inclined to answer the phone if his government calls again.

Certain of the immunized witnesses were actually praised for their courage to testify, in contrast to General Secord, whose reputation and integrity were attacked for obvious, partisan purposes. Although this entire experience has been more than slightly bitter for General Secord, he reamins confident that he acted appropriately and honestly in the service of his country.

Whether by its treatment of General Secord the Congress has hampered its ability to entice and receive

UNCLASSIFIED

UNCLASSIFIED

voluntary testimony from important witnesses is a separate question. Certainly the treatment accorded General Secord could not have been designed to enhance the image of Congress as an impartial and fair investigator.

On behalf of Richard V. Secord, I respectfully request that this letter be entered in the official record of the Committees' investigation.

Sincerely yours,

Thomas C. Green

TCG:jme

attachments

UNCLASSIFIED

UNCLASSIFIED

LAW OFFICES
SHARP, GREEN & LANKFORD
800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036

SC 0410

[illegible]

[illegible]

May 26, 1987

4749

Partially Declassified/Released on 4/22/88
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

John W. Nields, Jr. Esq.
Counsel to U.S. House Select
  Committee to Investigate Covert
  Arms Transactions with Iran
Room H419
United States Capitol
Washington, DC

Dear Messers. Liman and Nields:

I am writing to clear up some confusion which has arisen with respect to the purchase of certain assets for the benefit of the Contras. Three Maule aircraft were tranferred to the Contras in 1985 at the direction of Mr.Secord. The first aircraft, tail number N5657H, was titled to NRAF, Inc., 52 Y el Vira Mendez, Panama, RP, in approximately July or August of 1985. This aircraft was previously owned by Mr. Secord and several colleagues. The Contras purchased the aircraft by wire transferring an amount equivalent to the outstanding indebtedness on the plane.

Maule aircraft tail numbers N5661I and N5661J were titled in the name of NRAF, Inc. on September 10, 1985, and on October 29, 1985, respectively. These aircraft were bought at cost from Maule Air, Inc. All three of these aircraft are owned exclusively by the Contras. Mr. Secord has no interest, direct or indirect, in any of these planes.

During the interrogation of General Singlaub, he was led to confirm that he could have bought twice the quantity of munitions at the prices charged by Mr. Secord. This conclusion is absolutely without merit. Only four items were purchased by both General Singlaub and Mr. Secord.

General Singlaub sold 10,000 AK-47's, folding stock model, at $135.00 per rifle. Mr. Secord sold 3,000 AK-47's, wooden stock model, at $217.00 per rifle. The wooden stock rifles were purchased for a cost of approximately $180.00 per rifle, and they were sold at a 20% mark up to the Contras.

General Singlaub sold 15,000,000 rounds of 7.62 x 39 at a price of $110.00 per thousand. Mr. Secord sold 7,500,000 rounds at an average price of $136.00 per thousand. Including mark up, Mr. Secord's price equates to 2.5¢ per round on one-half the quantity.

UNCLASSIFIED

General Singlaub sold 200 RPG-7's at $1,650.00 per launcher. Mr. Secord sold 80 RPG-7's at $1900.00 per launcher. Mr. Secord's price was 15% higher than General Singlaub's price on less than one-half the size of Singlaub's order.

General Singlaub sold 5,000 RPG-7 rounds at $185.00 per round. Mr. Secord sold 3,000 such rounds at $225.00 per round. This presents a 21.6% mark up over General Singlaub's price on little more than half the quantity supplied by General Singlaub.

General Singlaub shipped 348 tons of material and charged the Contras approximately $300,000.00 for shipping. Mr. Secord shipped over 600 tons and charged the Contras $150,000.00 for shipping.

If Mr. Secord had dealt in quantities comparable to those purchased by General Singlaub, the resulting price differential would have been de minimus, which means, in effect, that Mr. Secord was buying at substantially better prices.

Sincerely yours,

Thomas C. Green
Attorney for
Richard V. Secord

TCG:ddd

UNCLASSIFIED

ARMS SALES PROFIT ANALYSIS

PREPARED BY RICHARD V. SECORD

1985-1986

Phase I (Airlift February 1985; Sealift April 1985)

Sell	$2,346,175
Costs	1,634,901
Profit	711,274 or 30.3% gross (43.5% of cost)

Phase II (Airlift March 1985)

Sell	$1,235,596
Costs	924,756
Profit	310,840 or 25.1% gross (33.6% of cost)

Phase III (Sealift June 1985)

Sell	$6,407,512
Costs	5,190,512
Profit	1,217,000 or 18.99% gross (23.45% of cost)

Phase IV (Airlift November 1985)

Sell	$2,255,200
Costs	2,003,200
Profit	252,000 or 11% gross (12.78% of cost)

UNCLASSIFIED

Phase V (Airlift March 1986)

Sell $504,140

Costs 354,140

Profit 150,000 or 29.7% gross (42.3% of cost)

Phase VI (Airlift April 1986)

Sell $441,640

Costs 353,337

Profit 88,303 or 19.99% gross (25% of cost)

Phase VII (2 airlifts May 1986)

Sell $938,635

Costs 637,467

Profit 301,168 or 32% gross (47.2% of cost)

GRAND TOTALS

Sell $14,128,898

Costs 11,101,313

Profit 3,027,585 or 21% gross (27.3% of cost)

Note: Sealift July/August 1986 aborted

Costs about $2,400,000

Sold CIA 1,500,000

Returned to Enterprise - 1,200,000 (300,000 brokers fee to DEFEX)

UNCLASSIFIED

TOTALS OF TRANSACTIONS PRICED EXCLUSIVELY BY SECORD

Sell. $11,782,723

Costs 9,466,412

Profit 2,316,311 or 19.65% gross (24.5% of cost)

UNCLASSIFIED

22-59

CLASSIFIED AT TIME OF PUBLICATION.

Chaptr
Footr 22-62

UNCLASSIFIED

CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
01 MAI 86

ZA 0501-9252-023

DEBIT ADVICE

WE HAVE DEBITED THE ACCOUNT ON THE RIGHT AS PER ORDER OF 30 APR 86

	US$	110,000.00
CHARGES	US$	8.38
VAL 01 MAI 86	US$	110,008.38

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

Contr. SCED
947

H 893
ALBON VALUES CORP

CURRENT ACCOUNT
[redacted]

REF.TLX NO 9154 86-04-23

[redacted] BENEFICIARY
GOULDENS CLIENTS ACCT
HOARE'S BANK SORTING CODE
15-99-00 LONDON

TELEX/TELEGRAM TO
HOARE'S BANK
LONDON

Par[illegible] ~~Declassified~~/Released on 1/22/88
under provisions of E.O. 12356
[illegible]

4750

UNCLASSIFIED

See Hearing Exhibit OLN-181

UNCLASSIFIED

Chapter 22, Footnote 67

22-67

[redacted] MANAGER
telex: 01768

GENEVA, JANUARY 7TH, 1986
ATTN: MRS NANCY MORABIA
RE : CSF INVESTMENTS LTD.

PLEASE TELEX TRANSFER THE AMOUNT OF US DLRS 125'000.--

BY ORDER OF UDALL RESEARCH CORPORATION

H 1553

TO: FIRST UNION NATIONAL BANK
CHARLOTTE - NORTH CAROLINA
ROUTINE TRANSFER NO. 053 000 219

FOR: GREENSBORO - ROUTINE NO. 053 108 580

IN FAVOUR OF ('JOSEPH H. 'HAMILTON'--)ESCROW AGENT
ACCOUNT NO: [redacted]

5000.-

TEST KEY NO 489

THANK YOU IN ADVANCE,
BEST REGARDS,
CSF INVESTMENTS LTD.
•• Start of response ••
•• Telex sent 17:45:32 07/01/86 ••

1/2[illegible]/88

DATE: 07/01/86
TIME: 17:45:32
REF: 01768

4752

~~023~~-421434

023421434+
ITT JAN 07 1146
421434 BLICBANK

420300A → 560600A
(.640201)

428665 CSF CH
CI

42[illegible] CSF CH
42[illegible] BLICBANK

F11

FEDERAL FUNDS

Republic National Bank of New York
452 Fifth Avenue • New York, New York 10018

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

DATE [illegible]

AMOUNT

5046

[illegible] RESEARCH CORPORATION [illegible] ROUTINE NO 053105[illegible]
[illegible] HAMILTON [illegible] C S F INVESTMENTS LTD

[illegible] C S F INVESTMENTS LTD

TOTAL $125,000

DEBIT

C S F INVESTMENTS LTD

MAIL TO

ACCT NO [redacted]

AUTHORIZED SIGNATURE

[illegible]

UNCLASSIFIED

22-67

CLASSIFIED AT TIME OF PUBLICATION.

22-68

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 22 #69

22-69

UNCLASSIFIED

15 Oct

Q2522

Q2522

☐ Next Delivery to T. - 22 Oct

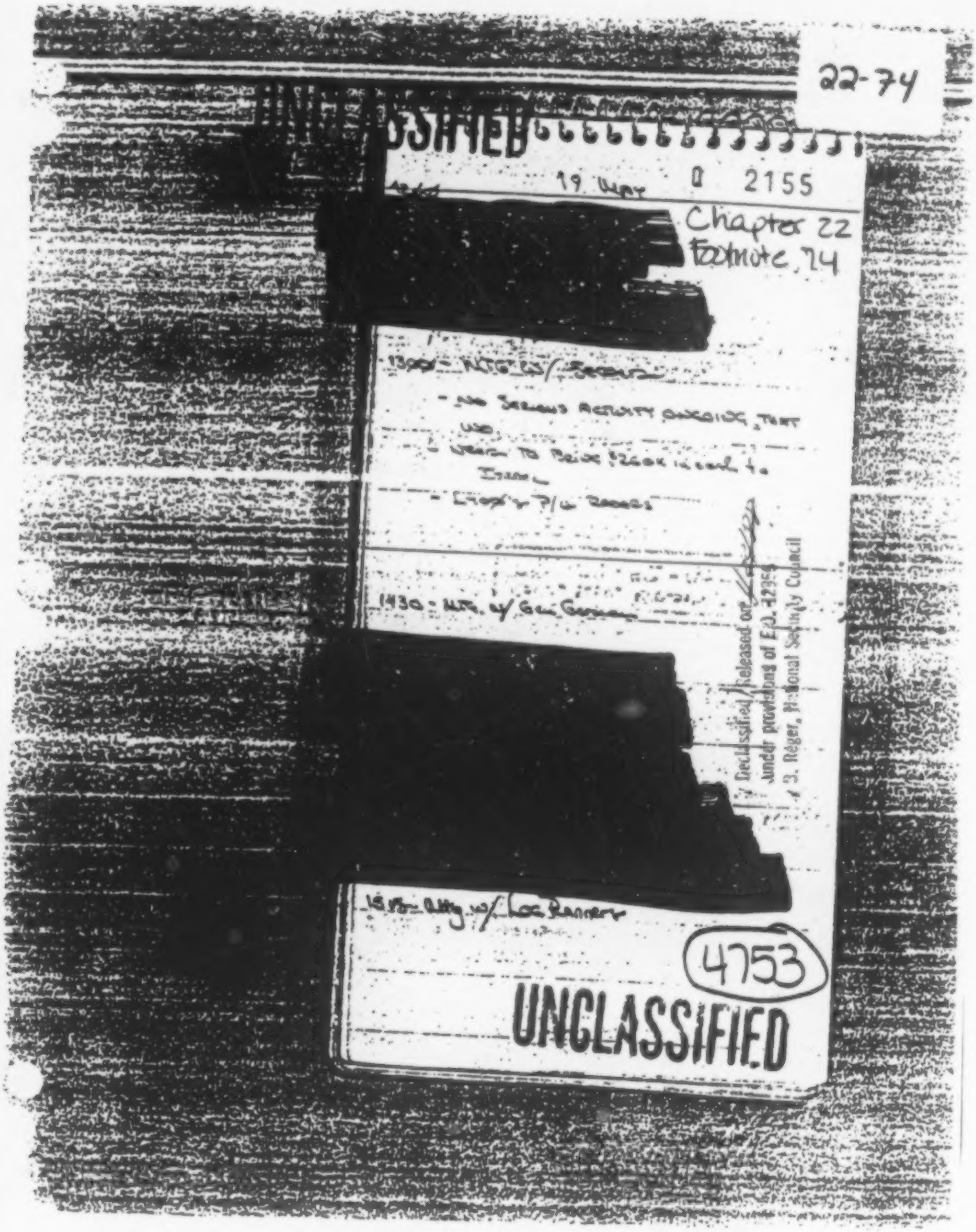
☐ Calero

- Bounty for Sandinista Cdr Officers
  - T. - 5K ea for [redacted]
  - 5k ea for soldier capturing
  - 200K to POW for each 5
- Pilot training at [redacted]

[redacted]

[redacted]

UNCLASSIFIED



UNCLASSIFIED

22-74

19 Sept 0 2155

Chapter 22
Footnote 74

[redacted]

1300 – Mtg w/ Secord

- No serious activity ongoing that we.
- Need to bring $250K in cash to Israel
- Ltrs & P/W Records

1430 – Mtg w/ Gen Gorman

[redacted]

1515 – Mtg w/ Lou Rannery

4753

UNCLASSIFIED

Declassified/Released on [illegible] under provisions of E.O. 12356 by B. Reger, National Security Council

22-75

CLASSIFIED AT TIME OF PUBLICATION.

[illegible] in stmts C02

```
4203     ALBERT HAKIM                                                    86 12 10  PAGE      1
         LEDGER                     FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                DOC NO CONTRA                 DEBIT        CREDIT       BALANCE

04401     ****** GOULDENS CLIENTS ACCOUNT         US$
 1  S GOULDENS CLIENT                 S06001                     110 000 00                  110 000 00

      TRANSACT  & BALANCE                                        110 000 00          0 00    110 000 00
```

N 1073

830

UNCLASSIFIED

Declassified/Released on ___
under provisions of E.O. 12356
by J. B. Reger, National Security Council

4751

UNCLASSIFIED

Chapter
Footnot 22-76

UNCLASSIFIED

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

H 882

1211 GENEVE EAUX-VIVES TEL. 022/36 53 80 SOF 1-860515-04-10072/03

PIECE DE CAISSE

Datum / Date / Data 15.05.86 13:12:01

Compte / Conto / Account No. [redacted]

COMPTE COURANT

ALBON VALUES CORP

Text / Texte / Testo	Auszahlung / Paiement SFR/ Pagamento / Withdrawal FRS	Einzahlung / Versement SFR/ Versamento / Deposit FRS	Val.
PRELEVEMENT [redacted] AU COURS DE 1.82000 Debit: ill/Greg/[redacted] AVC	54.873.00		150586

CREDIT SUISSE MONTANT RECU

4/22/88

4754

UNCLASSIFIED

Chapter 22
Footnote 77

R. Secord

Itinerary

Trip to Miami, Fl
Re: Meeting w Rep fr [redacted]
and 2 Reps fr Motorola

	Am Ex Ch	Cash
Airfare (to Miami)	$129.00	
Hotel (Miami)	136.06	
Rental Car (Miami)	37.75	

STG 5206

Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

4757

UNCLASSIFIED

Chapte
Foot 22-81

DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
WASHINGTON, D.C. 20380-0001

N F

0378

5041
CL387075
9 July 1987

The Honorable Daniel K. Inouye
The Honorable Lee H. Hamilton
Chairmen, House and Senate Select Committee
on the Iran/Contra Affair
U. S. Capitol
Washington, D.C. 20515

Gentlemen:

In response to a telephonic request for information from your staff on 8 July 1987, answers are provided to the following questions:

1. Did LtCol North make a request around April 1986 for the Marine Corps to provide security for his home?

A review of our records indicates that Headquarters, U.S. Marine Corps, never received such a request. However, LtCol North was assigned to the National Security Counsel, and we have not conferred with other federal agencies to determine if a request was made of them.

2. What procedures would have been followed if the Marine Corps or the Department of the Navy had received a request from LtCol North for protection in April 1986, and determined that the threat was real?

The request would first have been discussed with the Secret Service, who has primary responsibility for White House and NSC security. If they declined protection, discussions would have been held between the Secretary of the Navy and the Commandant of the Marine Corps to evaluate options and review courses of action.

3. What is the extent of the protection that the Marine Corps is now providing for LtCol North's home?

Thirty-five special agents of the Naval Intelligence Service are assigned this week to provide 24-hour surveillance of LtCol North's home. The normal coverage since April 1987 has been fifteen to twenty agents.

4. Did LtCol North request the protection?

LtCol North did not make a direct request per se. His lawyer reported receipt of FBI information regarding threats. These threats were evaluated and brought to the attention of the Assistant Commandant of the Marine Corps

~~Declassified~~/Released on
under provisions of E.O. 12356
by B. Reger, National Security Council

4758

UNCLASSIFIED

and the Undersecretary of the Navy with a recommendation by NIS that protection be provided.

5. Who decided to provide the protection?

The decision was made by the Undersecretary of the Navy on 8 April 1987.

6. What were the dates the LtCol North and his family went to Camp Lejeune, North Carolina, for protection?

13-17 April 1987.

I understand that other questions relating to the criteria used to determine whether protection was warranted and the statutory and regulatory authority for such protection will be addressed separately by the Secretary of the Navy.

Sincerely,

Murphy

PETER M. MURPHY
Counsel for the Commandant of the Marine Corps

UNCLASSIFIED

N F 0380

THE SECRETARY OF THE NAVY
WASHINGTON D C 20350

9 July 1987

The Honorable Warren B. Rudman
United States Senate
Washington, D.C. 20510

Dear Senator Rudman:

Your staff has requested that I provide you information concerning the policy of the Department of the Navy concerning protection of personnel.

Protection for Department of the Navy personnel, their dependents, facilities, and equipment from terrorist acts is provided pursuant to the statutory authority of the Secretary of Defense (10 U.S.C. 113) and the Secretary of the Navy (10 U.S.C. 5013). Enclosed are the applicable directives implementing departmental policy with respect to such protection. Within the Department of the Navy, the responsibility for providing protective services has been assigned to the Commander, Naval Security and Investigative Command (Naval Investigative Service). Upon receipt of information indicating a threat to a particular individual, the Commander Naval Security and Investigative Command would assess the validity of the information, determine whether protective services were appropriate, and, if so, at what level. If the military member was, at the time of the reported threat, assigned outside the Department of the Navy, Commander Naval Security and Investigative Command would coordinate any consideration for protective service with other interested agencies.

Sincerely,

James H. Webb

James H. Webb, Jr.

Enclosures

4759

~~Per , Declassified~~/Released on 1/18/88
under provisions of E.
B. Reger, N

UNCLASSIFIED

Chapter 22, Footnote 85

September 3, 1986

H F 1365

UNCLASSIFIE 22-85

MEMO TO THE FILES

FROM: Steven K. Berry, Associate Counsel

RE: August 6, 1986, 8:35 a.m., White House Situation Room. Discussion with Mr. Ollie North regarding House Resolution 485, directing the President to provide to the House of Representatives certain information concerning the activities of Lieutenant Colonel Oliver North or any other member of the staff of the National Security Council in support of the Nicaraguan Resistance, submitted by Congressman Tom Coleman.

In attendance: Bob Pearson, Counsel, NSC; Ollie North, Special Assistant, NSC; Ron Sable, Director of Legislative Affairs, NSC; Tom Latimer, HPSCI; Steve Berry, HPSCI.
Members present: Chairman Hamilton, Mssrs. McCurdy, Kastenmeier, Daniel, Roe, Stump, Ireland, Hyde, Cheney, Livingston and McEwen.

Mr. Ollie North indicated that his principle mission was to coordinate contacts with the FDN (the Nicaraguan Resistance) and U.S. government officials. One of the main purposes of his job was to assess the long-term viability of the FDN as a democratic institution and to explain the U.S. government's relationship to that organization including the explanation of the Boland Amendment. North indicated he gave the FDN and their officials advice on human rights and political advice concerning the need for an improved civic image. North also explained the United States' legal position with regard to the guidelines and limitations of U.S. support as outlined under the Boland Amendment. Prior to the ban on assistance to the Nicaraguan Resistance of October 1, 1983, North indicated he had given books to the leadership of the FDN which focused on creating guerrilla movements and popular support for their goals, ideas and objectives. In support of that concept, North asked the FDN leaders to focus on the principles and the tactics espoused by such individuals as Maosetung and Sungsu and Cheginerria and also asked that they focus on the internal and external support necessary to continue the movement. North indicated that he stressed these points with Calero, Bermudez, Cruz, Robello, and Pastora when he was an active participant.

When queried regarding his relationship with General Singluab, Colonel North indicated that although he knew him he had no association as indicated in press reports and it was unfortunate that General Singlaub made those statements.

Mr. Roe asked Mr. North to comment on his relationship with Robert W. Owen, a former Hill staffer who was employed by the Nicaraguan Humanitarian Assistance Office ($50,000 contract), to facilitate delivery of supplies to the FDN and UNO. Colonel North indicated that he had talked to Robert Owen, had only a casual and formal contract with him, was familiar with Owen but that his contacts were greatly exaggerated and were not nearly as extensive as the press had reported.

4760

Partially Declassified/Released on 4/22/92
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

Similarly, Mr. North indicted he did not know Mr. Terrill, an individual who had appeared on numerous news shows and who had been quoted in newspapers supporting allegations of improper activities of Colonel North. Furthermore, it seemed as though Mr. Terrill was not who he said he was and had never been an Army officer.

Mr. North in a direct response to a question regarding the proprieties of his activities after October 1, 1984, responded that he did not in any way, nor at any time violate the spirit, principles or legal requirements of the Boland Amendment.

Congressman Ireland indicated that he had heard of several personal difficulties Colonel North and his family had experienced since the newpaper articles diclosed his job, duties and responsibilities in the NSC.

To summarize, Colonel North, his wife and children, have been targets of organized protests and pickets in front of his home, his personal property was damaged, fences torn down, his car damaged, his house had been broken into, his dog had been poisoned, his family received continuous threatening phone calls during all hours of the day and night and his children had been threatened. At the suggestion of the FBI and Secret Service his family was moved for several weeks to [redacted] while improved security procedures were installed in his home at North's expense. [redacted] Colonel North has also been listed by the PLO terrorist organization headed by Abu Nadul, as an enemy of the Palestine Liberation Organization and has been targeted to be killed. These international incidences seem to be tied very closely to a Soviet disinformation campaign in response to U.S. policy in Central America.

Near the conclusion of the meeting. Congressman McCurdy supported by several other Members of the Committee indicated that although it was no longer necessary for the Intelligence Committee to meet to report on H. Res. 485 to stay its privileged status, he hoped the Intelligence Committee would meet to adversely report H. Res. 485 in the near future. The Chairman responded that action would be more appropriately done at a Full Committee Meeting after all Members had been notified of the Committee meeting.

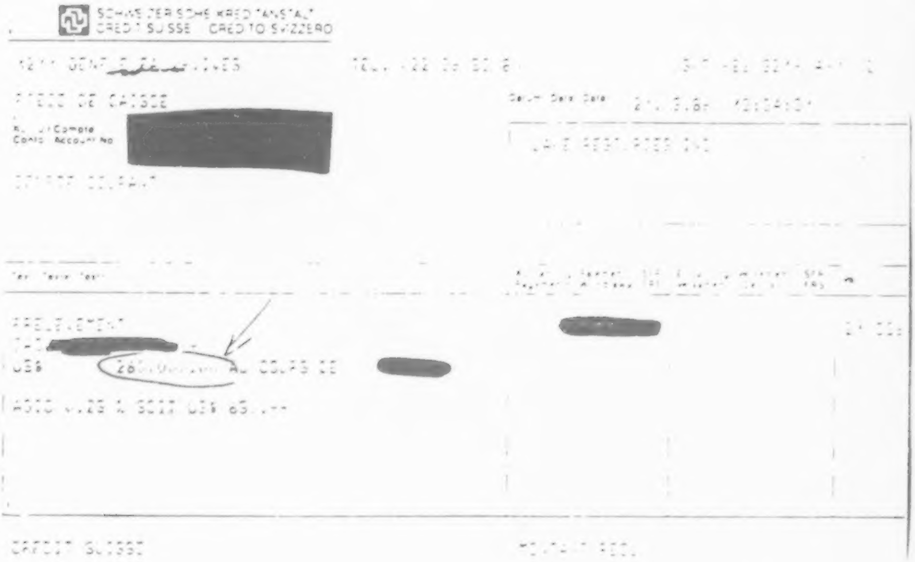
The Chairman expressed his appreciation for the good faith — effort that Admiral Poindexter had shown in arranging a meeting and indicated his satisfaction in the responses received. Ron Sable from the NSC staff expressed the Administration's concern and his hope that this meeting had satisfied the Committee's concern with regard to the allegations of improper conduct by Lt Col North and further expressed his hope that this meeting would be the final chapter in the Committee's inquiries. The Chairman indicated that, barring any new or additional information, he too thought the Committee would be satisfied with the information that it had received.

Chapter 22
Footnote 100

22-100

UNCLASSIFIED

ii 518



SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

1211 GENEVE

PIECE DE CAISSE

No/Compte
Conto Account No [redacted]

Datum Date Date 21.05.86

LAKE RESOURCES INC

Text Texte Testo

PRELEVEMENT
[redacted]
US$ 260,000.00 AU COURS DE [redacted]

[redacted]

[redacted]

CREDIT SUISSE

UNCLASSIFIED

Partially ~~Declassified~~/Released on 4/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

4761

4203 - ALBERT HAKIM

LEDGER

FROM 01 01 84 TO 06 12 86

Chapter 22
Exh. 76

UNCLASSIFIED

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5606001	ALBON VALUES	(SUITE)			
29 4	CHECK QUINTERO	600401		5 000 00	
29 4	BANK CHARGES	640401		3 89	29 765 15
30 4	[redacted]	604301		7 000 00	
30 4	BANK CHARGES	640401		15 63	
[redacted]	[redacted]	600901		10 000 00	
30 4	BANK CHARGES	640401		15 63	12 733 89
1 5	TRANSFER TO DOLMY	5603001		40 000 00	
1 5	BANK CHARGES	640401		200 00	
1 5	GOULDENS CLIENT	604401		110 000 00	
1 5	BANK CHARGES	640401		8 38	
1 5	CASH ERIC ZUCKER	640201		500 00	137 974 49-
2 5	BANK CHARGES	640401		8 12	
2 5	TRANSFER	999901		2 274 80	140 257 41
5 5	NORTH TRUST BANK MOTAOLA INC	604501		100 000 00	
5 5	BANK CHARGES	640401		8 38	
5 5	CIE SERV FID STIGI	602001		15 000 00	
5 5	CIE SERV. FID BANK CHARGES	640401		200 00	255 465 79
6 5	FROM CALL	5606101	180 000 00		
6 5	INTEREST	770601	2 373 33		73 092 46-
7 5	FROM CALL	5606101	100 000 00		
7 5	BANK CHARGES	640401		1 545 23	
7 5	INTEREST	770601	266 67		25 628 98
12 5	FROM ALBON	5603001		307 500 00	
12 5	FROM CALL	5606101	300 000 00		
12 5	INTEREST	770601	1 250 00		12 378 98
13 5	RE TRIP OF 05/13/86	640201		3 000 00	
13 5	BANK CHARGES	640401		15 00	
13 5	RE TRIP OF 05/13/86	640201		2 793 30	
13 5	CIE SERV FID	640301		500 00	13 070 68
14 5	TDB CODELIS	604601		101 500 00	88 429 32-
15 5	FROM CALL	5606101	120 000 00		
15 5	CASH GEN EXP. RUS/AH	640201		2 777 78	
15 5	[redacted]	540201		30 150 00	
15 5	INTEREST	770601	600 00		757 10-
16 5	TRI AMERICAN ARMS	604001		150 000 00	
16 5	BANK CHARGES	640401		8 38	150 765 48

H 1019

839

UNCLASSIFIED

1/22/88

4755

Chapter 22
Footnote 77
22-77

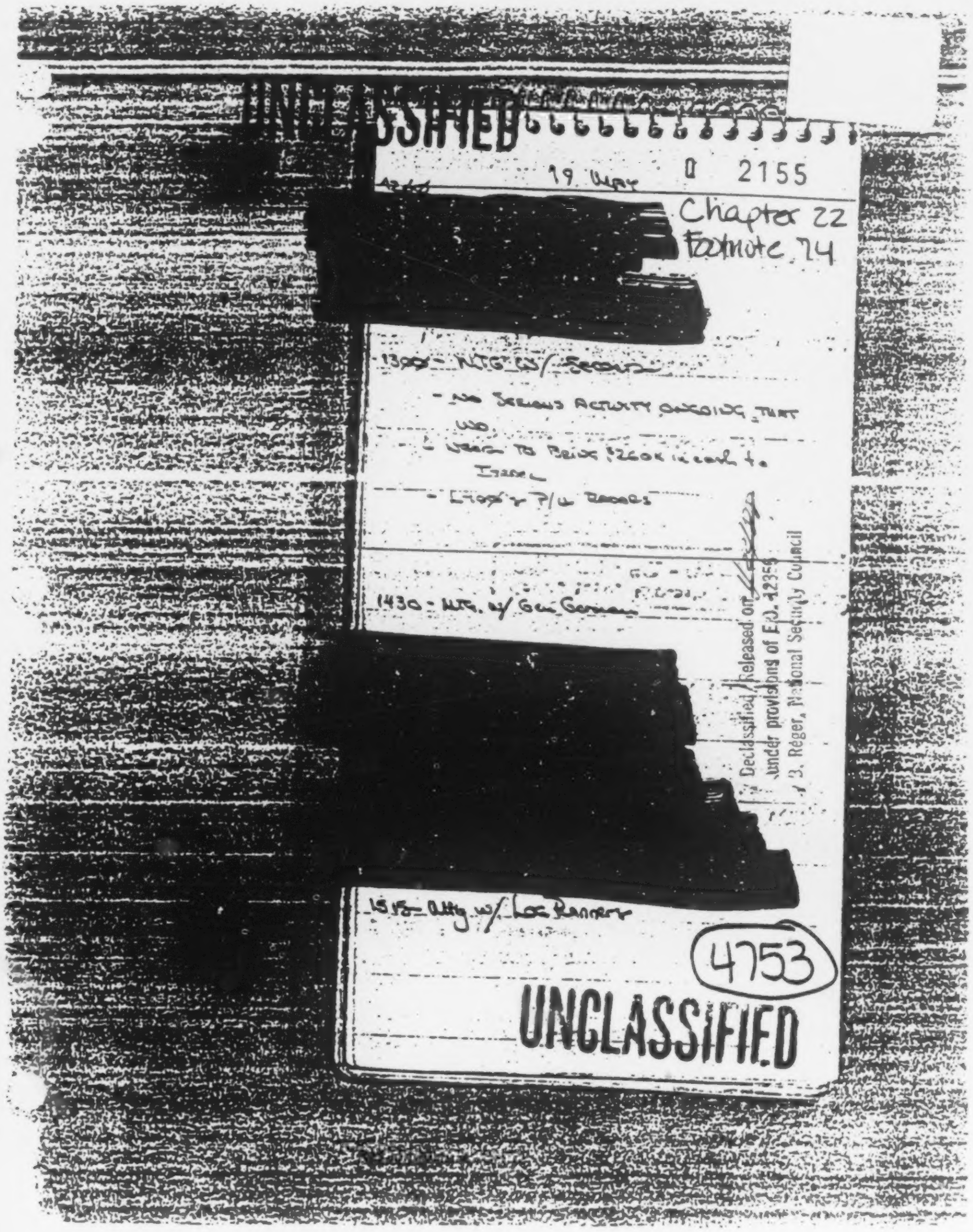
UNCLASSIFIED

```
4203     ALBERT HAKIM                                                                    86 12 10
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C    NAME & DESCRIPTION                DOC NO CONTRA                    DEBIT          CREDIT        BALANCE

604501    ****** MOTOROLA INC                      US$

  5  5 NORTH TRUST BANK MOTAOLA INC        5606001               100 000 00                        100 000 00

       TRANSACT  & BALANCE                                        100 000 00           0 00        100 000 00
```

H 1074

4756

UNCLASSIFIED



UNCLASSIFIED

19 May

0 2155

Chapter 22
Footnote 74

[redacted]

1300 - MTG w/ Secord

- No serious activity ongoing that we.
- Need to bring $200K in cash to Israel
- [illegible] P/U Radars

1430 - Mtg. w/ Gen Gorman

[redacted]

1515 - Mtg w/ Loc Ranners

4753

UNCLASSIFIED

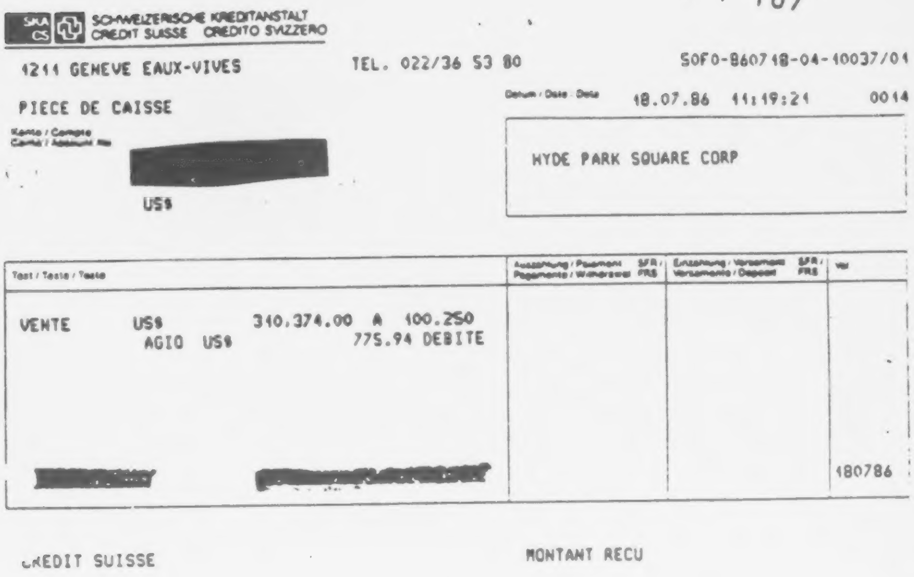
Declassified/Released on
under provisions of E.O. 12356
by B. Reger, National Security Council

Chapter 22
Footnote 101

UNCLASSIFIED

22-101

H . 107



SKA CS SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

1211 GENEVE EAUX-VIVES TEL. 022/36 53 80 SOF0-860718-04-10037/01

PIECE DE CAISSE

Datum / Date / Data 18.07.86 11:19:21 0014

Konto / Compte
Conto / Account No [redacted]

US$

HYDE PARK SQUARE CORP

Text / Texte / Testo	Auszahlung / Paiement SFR / Pagamento / Withdrawal FRS	Einzahlung / Versement SFR / Versamento / Deposit FRS	Val
VENTE US$ 310.374.00 A 100.250 AGIO US$ 775.94 DEBITE			
[redacted] [redacted]			180786

CREDIT SUISSE

MONTANT RECU

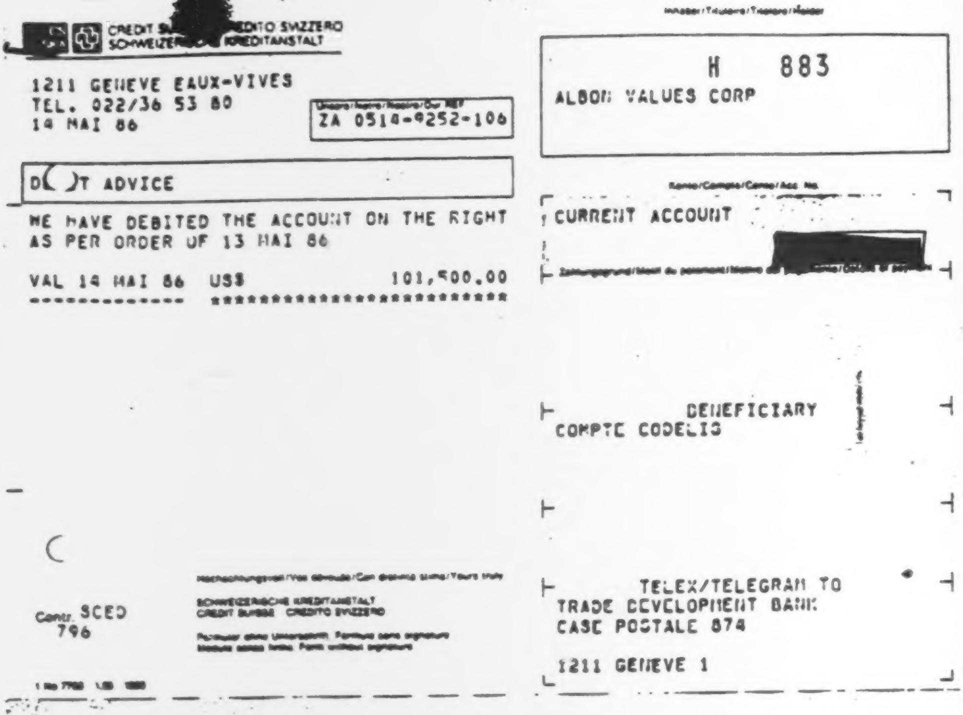
1/22/88

4762

UNCLASSIFIED

Chapter 22
Footnote 102

UNCLASSIFIED



[redacted]

CREDIT SU[redacted]REDITO SVIZZERO
SCHWEIZER[redacted] KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
14 MAI 86

ZA 0514-9252-106

H 883
ALBON VALUES CORP

D[illegible]T ADVICE

WE HAVE DEBITED THE ACCOUNT ON THE RIGHT
AS PER ORDER OF 13 MAI 86

VAL 14 MAI 86 US$ 101,500.00

CURRENT ACCOUNT

[redacted]

BENEFICIARY
COMPTE CODELIS

TELEX/TELEGRAM TO
TRADE DEVELOPMENT BANK
CASE POSTALE 874
1211 GENEVE 1

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Contr. SCED
796

[redacted]

1/22/88

UNCLASSIFIED

4766

22-103

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

Chapter 22-101
Footnote

86 12 10 PAGE 2

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

H 1048

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
	****** CHARGES	US$			
600001	****** TRANSIT ACCOUNT	US$			
16	5 WITHDRAWAL CASH FROM LAKE	999901	224 438 00		
86					
16	5 TRANSFER	700001		224 438.00	0 00
21	5 WITHDRAWAL CASH FROM LAKE	999901	260 000 00		260 000 00
18	7 CASH WITHDRAWAL	5608001	310 000 00		
18	7 CHQ ALBERT C HANSEN	5608001	125 000 00		
18	7 CHQ ASHER WARD	5608001	125 000 00		820 000 00
	TRANSACT. & BALANCE		1 044 438 00	224 438 00	820 000 00

~~Par~~ ~~Declassified~~/Released on [illegible]
under provisions of E.O. 12356
B. Reger, National Security Council

4763

UNCLASSIFIED

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
[redacted]	●●●●●● CODELIS	US$			101 500 00
14	5 TDB CODELIS	5606001	101 500 00		
	TRANSACT & BALANCE		101 500 00	0 00	101 500 00

H1075

Chapter 22-102
Footnote

851

UNCLASSIFIED

4764

UNCLASSIFIED

Chapter 22
Footnote 102

852

4765

82-684 852 [redacted]

UNCLASSIFIED

4203 ALBERT HAKIM
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 2

A/C	NAME & DESCRIPTION	DOC. NO CONTRA	DEBIT	CREDIT	BALANCE
640201	BUSINESS EXPENSES	(SUITE)			
31 7	CASH WITHDRAWAL	5609001	40 000 00		243 606 67
20 8	CASH WITHDRAWAL - TC	5606001	10 000 00		253 606 67
22 8	CSF REIMBT CHQ ROBINETTE	5609001	9 000 00		262 606 67
26 8	CASH WITHDRAWAL	5607001	9 453 30		
26 8	CASH WITHDRAWAL	5607001	500 00		272 559 97
28 8	CASH WITHDRAWAL	5607001	1 000 00		273 559 97
1 9	TDB - CSF - RE CASH WITHDRAWAL	5607001	51 000 00		324 559 97
	[redacted]	5607001	5 000 00		329 559 97
	[redacted]	5607001	10 000 00		339 559 97
18 9	CASH WITHDRAWAL - TOM CLINES	5607001	2 000 00		341 559 97
23 9	CASH WITHDRAWAL - RVS	5609001	7 000 00		348 559 97
24 9	CASH WITHDRAWAL - TOM CLINES	5606001	5 000 00		353 559 97
30 9	TDB REIMBT CASH WITHDR AH	5608001	51 000 00		
30 9	CASH WITHDRAWAL ERIC ZUCKER	5608001	1 000 00		405 559 97
8 10	JILA H. LANKARANI	5608001	5 740 00		
8 10	EXECUTIVE TRAVEL SFR 703	5609001	435 97		411 735 94
14 10	CONSULAR	5608001	2 400.00		414 135 94
15 10	CIE SERV FID REMBT CASH AH	5608001	2 000.00		416 135 94
17 10	CHECK MC ALISTER	*5609001	3 100 00		419 235 94
22 10	C S F REMBT PRELEVT CASH	5608001	2 000 00		421 235 94
23 10	REIMBURSEMENT CASH	5609001		2 .25 00	
23 10	CANCELLATION REIMBT CASH	999901	2 512 00		
23 10	CANCELL REIMBT CAHS BANK CHARGES	640401	13 00		421 235 94
27 10	WITHDRAWAL CASH ROBERT DUTTON	5608001	40 000 00		
27 10	CIE SERV FID REMBT CASH A H	5608001	51 000 00		
27 10	SERFID REMBT SFR 703 AVION FRANCE	5608001	420 96		512 656 90
28 10	WITHDRAWAL	5608001	6 000 00		518 656 90
3 11	SERFID INV 1421 + 60 SFR	5608001	338 37		518 995 27
5 11	WITHDRAWAL	5608001	10 000 00		
5 11	WITHDRAWAL SFR 2000	5608001	1 176 47		530 171 74
	[redacted]	5608001	10 000 00		
6 11	WITHDRAWAL SFR 8000	5608001	4 671 53		544 843 27
13 11	REIMBT SERFID SFR 205	5608001	123 49		544 966 76
24 11	RETURN TRANSF CONSULAR	5608001		2 400.00	542 566 76
26 11	REIMBT SERFID SFR 10195	5608001	6 216 46		548 783 22
28 11	REIMBT SERFID SFR 168	5608001	100 90		548 884 12

1093
H

UNCLASSIFIED

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

Chc
FE 22-120 20

UNCLASSIFIED

[redacted]

...EDIT SU [redacted] ITO SVIZZERO
SCHWEIZ [redacted] DITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
02 APR 85

ZA 0402-9247-048

A( ) DE DEBIT

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 01 APR 85

	US$	20,020.00
FRAIS	US$	5.62
VAL 03 APR 85	US$	20,025.62

ENERGY RESOURCES INTERNATIONAL SA
H 382 39

Konto/Compte/Conto/Acc. No

COMPTE COURANT [redacted]

ATT.M. NINOVE

BENEFICIAIRE
[redacted]
COSFIN BV

TELEX/TELEGRAMME A
CONTINENTAL BANK SA
227 RUE DE LA LOI

B-1040 BRUXELLES

Contr. GEPI
374

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

1 No 7700 10.83 1000

[redacted]

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED 4767

Ch 22
120

UNCLASSIFIED

[redacted]

CREDIT SUISSE [redacted] ZERO
SCHWEIZERISCHE [redacted] STALT

211 GENEVE EAUX-VIVES
EL. 022/36 53 80
/ MAI 85

ZA 0517-9255-109

VIS DE CREDIT

OUS AVONS CREDITE LE COMPTE CI-CONTRE

AL 16 MAI 85	US$	4,906.88

ENERGY RESOURCES INTERNATIONAL SA
85

Konto/Compte/Conto/Acc. No

COMPTE COURANT [redacted] ←

H 332

DONNEUR D'ORDRE
BANCO PORTUGUESE DO ATLANTICO
LONDON

NOTRE CORRESPONDANT
CREDIT SUISSE
NEW YORK BRANCH
100 WALL STREET
USA-NEW YORK NY 10005

Contr. DEJE
570

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

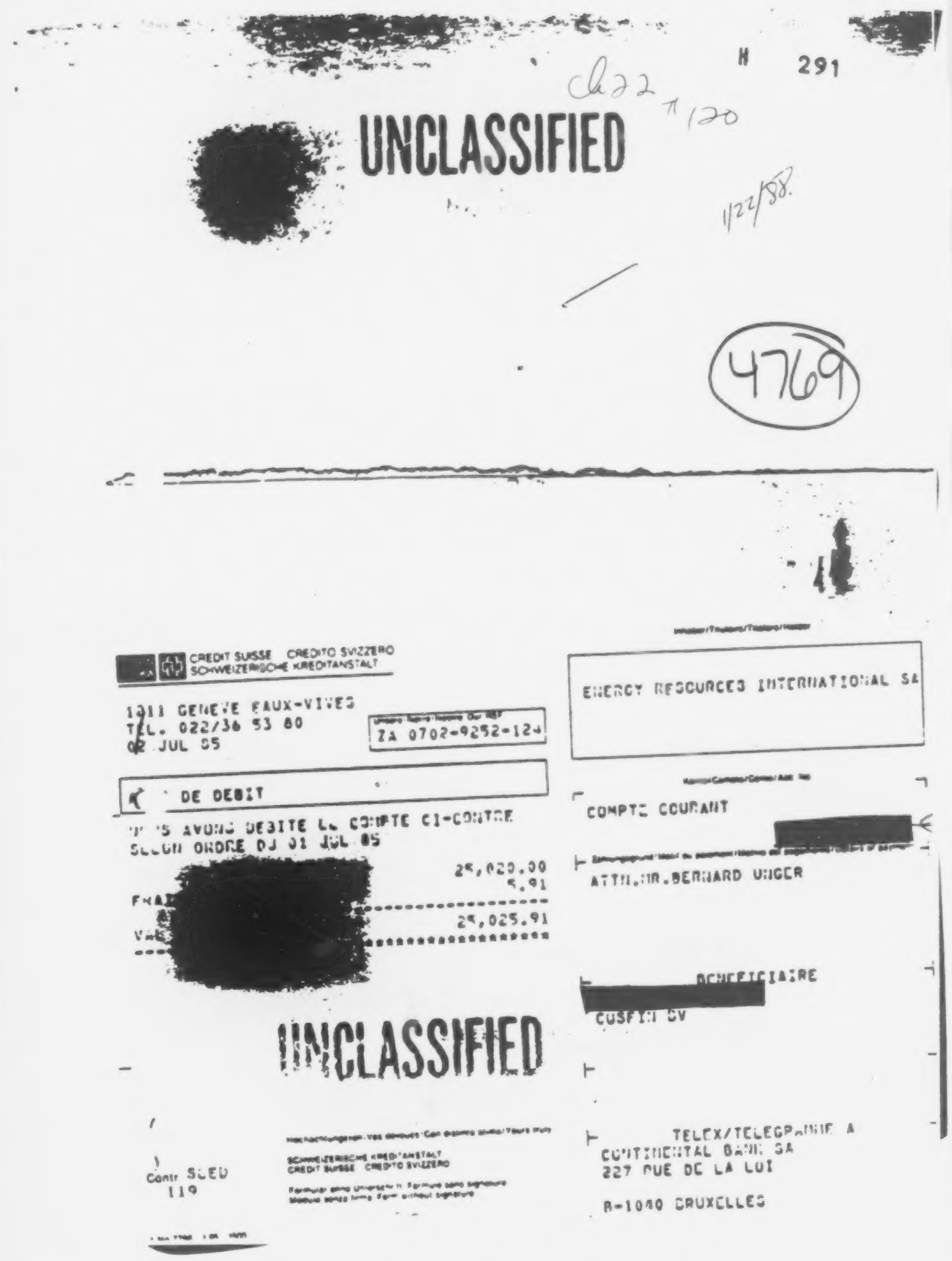
Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

1 No 7700 1.83 1000

[redacted]

1/22/88

UNCLASSIFIED 4768



H 291

ch22 #120

UNCLASSIFIED

1/22/88.

4769

Inhaber/Titulaire/Titolare/Holder

CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

ENERGY RESOURCES INTERNATIONAL SA

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
02 JUL 85

ZA 0702-9252-124

Konto/Compte/Conto/Acct. No.

[illegible] DE DEBIT

COMPTE COURANT

[redacted]

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 01 JUL 85

[redacted]

25,020.00
5.91
25,025.91

ATTN.MR.BERNARD UNGER

[redacted] BENEFICIAIRE
CUSFIN SV

UNCLASSIFIED

TELEX/TELEGRAMME A
CONTINENTAL BANK SA
227 RUE DE LA LOI

B-1040 BRUXELLES

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

Contr SLED
119

22-121

CLASSIFIED AT TIME OF PUBLICATION.

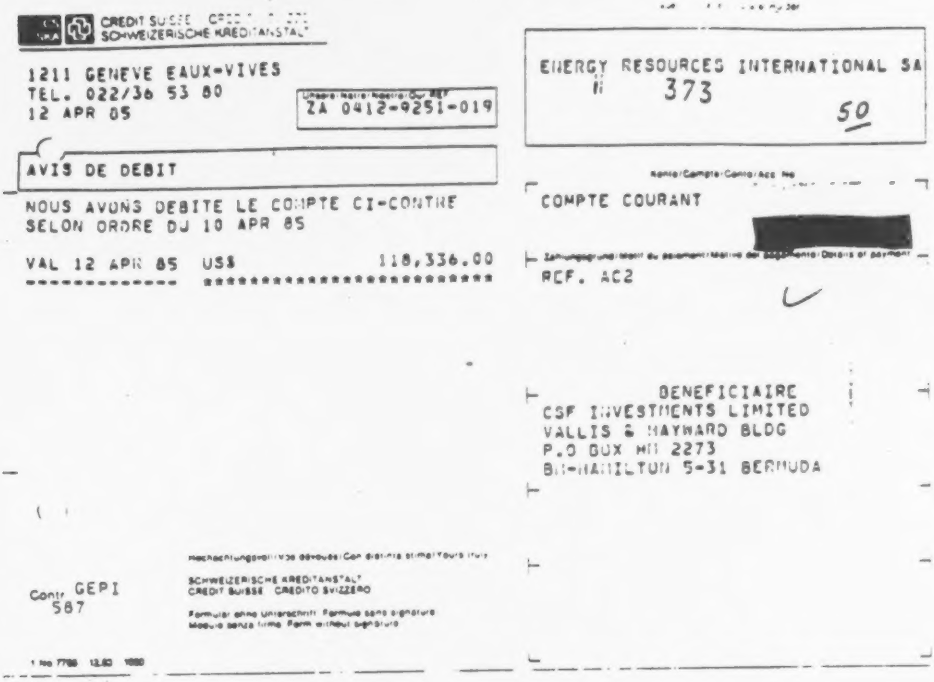
22-124

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

ch 22 # 138

22-138



CREDIT SUISSE
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
12 APR 85

Unsere/Notre/Nostro/Our REF
ZA 0412-9251-019

ENERGY RESOURCES INTERNATIONAL SA
373

50

AVIS DE DEBIT

Konto/Compte/Conto/Acc No
COMPTE COURANT
[redacted]

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 10 APR 85

VAL 12 APR 85 US$ 118,336.00

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment
REF. AC2

✓

BENEFICIAIRE
CSF INVESTMENTS LIMITED
VALLIS & HAYWARD BLDG
P.O BOX HM 2273
BM-HAMILTON 5-31 BERMUDA

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly

Contr GEPI
587

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift/Formule sans signature
Modulo senza firma/Form without signature

1 No 7786 12.83 1000

~~Partially Declassified~~/Released on 25 Feb 88
~~under provisions of E.O. 12356~~
by K. Johnson, National Security Council

4973

UNCLASSIFIED

CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
12 APR 85

Unsere Nummer/Notre no/Nostro no/Our REF
ZA 0412-9251-020

ENERGY RESOURCES INTERNATIONAL SA

49

372

AVIS DE DEBIT

NOUS AVONS DEBITE LE COMPTE CI-CONTRE
SELON ORDRE DU 10 APR 85

VAL 12 APR 85 US$ 101,926.78

Konto/Compte/Conto/Acc. No
COMPTE COURANT
[redacted]

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Reason of payment
REF. AC1

✓

BENEFICIAIRE
CSF INVESTMENTS LIMITED
VALLIS & HAYWARD BLDG
P.O BOX HM 2273
BM-HAMILTON 5-31 BERMUDA

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift. Formule sans signature
Modulo senza firma. Form without signature

Contr. GEPI
588

~~Partially Declassified~~/Released on 25FEB88
~~under provisions of E.O. 12356~~
by K. Johnson, National Security Council

UNCLASSIFIED

CLASSIFIED AT TIME OF PUBLICATION.

22-138

See Hearing Exhibit AH-29A

Chapter 22
Footnote 109

UNCLASSIFIED

LAKE RESOURCES
BANK TRANSACTIONS
(Excludes CDs)

Report Date: 9-11-87

Date	Reference Bank / Lake Account	Transaction Type	Disbursements	Receipts	Balance
05-15-86	INTEREST RECEIVED BY ALBON VAL (SB 9202) ALBON VALUES CORP.	Wire Deposit (RB 9948)	M936	600.00	13,176,365.28
05-15-86	CASH FROM ALBON VALUES (SB 9202) ALBON VALUES CORP.	Wire Payment (RB 5202)	2,777.78 M881		13,173,587.50
05-15-86	CASH FROM ALBON VALUES (SB 9202) ALBON VALUES CORP.	Wire Payment (RB 5202)	30,150.00 M882		13,143,437.50
05-15-86	U. S. TREASURY (SB 9208) HYDE PARK SQUARE CORP.	Wire Payment (RB 1203)	6,500,002.79 M182		6,643,434.71
05-16-86	GARNET OVERSEES, INC (SB 1065) LAKE RESOURCES	Wire Deposit (RB 1254)	M520	5,000,000.00	11,643,434.71
05-16-86	EYTAN, MENN (SB 1065) LAKE RESOURCES	Wire Deposit (RB 8436)	M522	1,460,000.00	13,103,434.71
05-16-86	LAKE RESOURCES (SB 9208) HYDE PARK SQUARE CORP.	Wire Deposit (RB 1065)	M179	5,000,000.00	18,103,434.71
05-16-86	HYDE PARK SQUARE CORP. (SB 1065) LAKE RESOURCES	Wire Payment (RB 9208)	1,200,000.00 M520		16,903,434.71
05-16-86	CASH WITHDRAWN FROM LAKE RES. (SB 1065) LAKE RESOURCES	Wire Payment (RB 5265)	225,000.00 M521		16,678,434.71
05-16-86	HYDE PARK SQUARE CORP. (SB 1065) LAKE RESOURCES	Wire Payment (RB 9208)	5,000,000.00 M522		11,678,434.71
05-16-86	TRI AMERICAN ARMS (SB 9202) ALBON VALUES CORP.	Wire Payment (RB 8420)	150,008.38 M880		11,528,426.33
05-20-86	ALBON VALUES CORP. (SB 9201) TOYCO S. A.	Wire Deposit (RB 9202)	M504	50,000.00	11,578,426.33
05-20-86	SCITECH TRADING GROUP (SB 9202) ALBON VALUES CORP.	Wire Deposit (RB 9223)	M2419	8,333.00	11,586,759.33
05-20-86	ALBON VALUES CORP (SB 9204) UDALL RESEARCH CORP.	Wire Deposit (RB 9202)	M797	350,000.00	11,936,759.33

UNCLASSIFIED

N 08925

32-109

4862

Declassified/Released on 1/28/88
under provisions of E.O. 12356
by D. Sirko, National Security Counc

[illegible]

CSF INVESTMENTS LTD.

UNCLASSIFIED

4201 KOREL ASSETS
LEDGER FROM 01 01 8

11 03076

A/C.	NAME & DESCRIPTION		DOC.NO	CON		DEBIT	CREDIT	BALANCE
101001	CAPITAL INVESTED (SUITE)							
	TRANSFER	75000-	6196	27]CANA			75 000.00	
9 5	12.0000 HAMERSON PROP.INV DEVPT							
	TRANSFER	25000-	6196	27]HAME			25 937.50	
9 5	12.1250 PRUDENTIAL REALTY SEC.'S							
	TRANSFER	50000-	6196	27]PRUR			50 296.70	
9 5	8.5000 SOCIETE GENERALE WARRANT							
	TRANSFER	25-	6196	27]SGWT			3 175.00	
9 5	7.7500 SONY CORPN. EX WARRANTS							
	TRANSFER	75000-	6196	27]SON			64 961.49	682 576.28-
7 7	MGT FEES 2ND QUARTER 1986		7001	5600001		2 478.35		680 097.93-
7 9	US$/AU$ AT 0.6325		24001	5600001	23 799.82+	15 053.39		665 044.54-
18 9	US$/HK$ AT 7.8035		7364	5600001		17 356.38		647 688.16-
24 9	AU$/US$ AT .6375		7378	5600001	9 091.36+	5 795.74		641 892.42-
15 10	MGT FEES 3RD QUARTER 1986		8001	5600001		2 926.01		638 966.41-
25 11	MKF/US$ AT 20.455		22026	5600001	340 285.70+	69 605.44		569 360.97-
11 12	COSFIN B.V.							
	ADJ QTY	1-	4435	74]COS4		0.00		569 360.97-
23 12	SFR/US$ AT 1.6625		8418	5600001	210 959.87-		126 893.15	
23 12	DM./US$ AT 1.9858		8418	5600001	11 188.40-		5 634.20	
23 12	YEN/US$ AT 1.9858		8418	5600001	800 474.50-		4 907.87	
23 12	MKF/US$ AT 4.909		8418	5600001	300 000 00-		61 112.24	
23 12	HK$/US$ AT 7.801		8418	5600001	163 089.01-		20 906.16	
23 12	AU$/US$ AT 7.801		8418	5600001	51 266.73-		34 221.16	
23 12	MGT FEES 4TH QUARTER 86		8428	5600001		3 144.69		819 891.06-
	TRANSACT. & BALANCE	235626-			933 348 66-	143 379.86	963 270.92	819 891.06-
101003	****** CAPITAL INVESTED DM.							
22 10	DM/SFR AT 0.8275		8091	5600003	9 079.65-		10 972.39	10 972.39-
23 12	DM./US$ AT 1.9858		8418	5600003	5 634.20+	11 188.40		216.01
	TRANSACT. & BALANCE				3 445.45-	11 188.40	10 972.39	216.01

Declassified/Released on 11/28/88
under provisions of E.O. 12356
by D. Sirko, National Security Council

UNCLASSIFIED

4828

22-138

22-138

See Hearing Exhibit AH-17

22-140

See Hearing Exhibit AH-10

22-140

See Hearing Exhibit OLN-168

22-155

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 22, Footnote 53,5

SC 04[illegible]

22-169+170

UNCLASSIFIED

LAW OFFICES
SHARP, GREEN & LANKFORD
1800 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D C 20036

JAMES E. SHARP
THOMAS C. GREEN
V. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ *
ROBERT L. VOGEL †

* MEMBER OF PA BAR ONLY
† MEMBER OF NY & NJ BAR ONLY

TELEPHONE
202 859-2400
TELECOPIER 202 296-[illegible]
TELEX 897 4625 [illegible]

August 18, 1987

22-173+179

Arthur Liman, Esq.
Counsel to U.S. Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Oppos.
901 Hart Senate Office Bldg.
Washington, DC 20510

John W. Nields, Jr., Esq.
Counsel to U.S. House Select Committee to Investigate Covert Arms Transactions with Iran
Room H419, United States Capitol
Washington, DC 20510

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct certain aspects of his testimony given under oath at the last deposition session, at which both of you were in attendance. I am sorry that I can no longer supply the precise date of that session.

Mr. Secord was asked to acknowledge that he had been advised concerning a potential conflict of interest on the part of the undersigned arising out of the undersigned's refusal to answer inquiries from the Office of Independent Counsel about a specific incident which arose during the time the undersigned represented both Lieutenant Colonel Oliver North and Mr. Secord.

Mr. Secord replied that he had been independently advised concerning this matter, and he confirmed his insistence that the undersigned remain as his counsel. At the time of his answer, Mr. Secord had had conversations with other attorneys in my office concerning this matter, but, as I explained to Mr. Secord following the deposition session, those consultations could not be deemed to be with separate and unrelated counsel.

Since that time Mr. Secord did retain and did consult with separate and unrelated counsel to explore all the ramifications surrounding the potential conflict of interest issues. Since receiving this independent advice, his decision remains the same. However, I thought it prudent to write you and to clarify what I think may be some confusion in the

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by S. Reger, National Security Council

UNCLASSIFIED

record. Accordingly, I ask that you consider this letter as supplementation to, or correction of, Mr. Secord's previous testimony.

Sincerely yours,

Thomas C. Green
Attorney for Richard V. Secord

Seen and Agreed to:

Richard V. Secord

18 Aug 1987
Date

UNCLASSIFIED

SC 040

LAW OFFICES
SHARP, GREEN & LANKFORD
1800 MASSACHUSETTS AVENUE, N.W.
WASHINGTON, D.C. 20036

JAMES E. SHARP
THOMAS C. GREEN
V. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ *
ROBERT L. VOGEL -

* MEMBER OF PA BAR ONLY
- MEMBER OF NY & NJ BAR ONLY

TELEPHONE
(202) 659-2400
TELECOPIER (202) 296-249
TELEX 697 4805 SGLDC

August 20, 1987

HAND DELIVERED

The Honorable Lee H. Hamilton
Permanent Select Committee on
International Affairs
U.S. House of Representatives
United States Capitol
Room H405
Washington, DC 20515

The Honorable Daniel K. Inouye
Chairman, U.S. Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
Washington, DC 20515

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct and comment on certain testimony taken before the Select Committees and to respond to certain statements made by various members of the Committees which misrepresent the facts and portray my client and his conduct in a false and underserved light. In view of the effort undertaken by various members of the Committees to discredit General Secord and the attempts to impeach portions of his testimony, we feel it fair and appropriate that this letter and the accompanying exhibits be made a part of the official record of investigation; and we formally request such relief.

General Secord was the first witness called to give public testimony. His appearance before the Committees followed countless hours of debriefing during which he patiently and with great accuracy recited the facts and

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
[illegible] National Security Council

UNCLASSIFIED

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 2

circumstances surrounding the operational details of the Contra supply operation and the Iranian initiative. It is only fair for the Committees to acknowledge that the information provided by General Secord was of critical importance and of invaluable assistance to the progress of the investigation. It should also be noted that General Secord ultimately succumbed to the entreaties of both Chief Counsel who largely induced his voluntary testimony by appeals to General Secord's sense of duty, service and responsibility to his country and the Congress.

General Secord was prepared for tough questions and tough criticism. But in light of the way his testimony was procured, we were not prepared for unfair criticism or for the technique employed by some interrogators of using false information to prompt derogatory comments about General Secord from other witnesses. When, from time to time, we contacted the staff to tender correct information and corroborating data we were usually thanked, but never vindicated. All the misinformation has been permitted to linger, and the record requires and deserves correction.

Several Senators were effusive in their use of the term "profiteer" when making reference to General Secord. We start from the rather basic proposition that every man is entitled to make a living. General Secord devoted two years to the Iran/Contra projects at the expense of virtually all other

UNCLASSIFIED

SC 040c

business pursuits. During that time he received a salary of $6000 per month. The amount is hardly excessive.

Albert Hakim acknowledged in his testimony on June 3, 1987, that he accumulated profits from arms sales for the benefit of General Secord in an account known as Korel Assets even though General Secord forswore any such remuneration. None of the accumulated profits were ever distributed to General Secord, a fact confirmed by House Counsel, Mr. Nields, when he stated publicly on June 3rd that:

> I think the record should reflect that unlike some of these other accounts, we have been able to determine no withdrawals from the Korel Assets account as of this date.

A great deal of time and attention was devoted by members of the Committees in examining the profit earned on arms transactions. The frenzy to portray these sales as generating exhorbitant profit came close to overshadowing what should have been the more important issues. General Secord testified that the gross profit on arms sales ranged from between 20 percent to 30 percent. That markup was and is extremely reasonable, and the merchandise delivered was unquestionably of high quality. When General Singlaub appeared some members again attempted to use his testimony to criticize General Secord's efforts through a supposed comparison of the prices charged by each. The comparison was nonsense and the equivalent of an apple and orange exercise. We demonstrated

UNCLASSIFIED

all of this in a letter I wrote to the Committees on May 26, 1987. A copy of my letter is attached hereto for your convenience. Additionally, we supplied the staff with an "Arms Sales Profit Analysis" memo which was nothing more than an exercise in basic arithmetic confirming the profit margins testified to. A copy of this document is also attached. It is our belief that the staff has now been able to confirm the basic accuracy of our figures. Finally, I note the testimony of General Secord's customer, Mr. Calero, who acknowledged in his testimony on May 20, 1987, that General Secord's prices for ammunition and FAL type rifles were extremely reasonable and about 50 percent less than what this government was charging the witness for the same items.

Although General Secord never withdrew money from his so-called profit account and although he attempted no movement or secreting of funds during the days when these operations were on the brink of public disclosure, the notion was born and nurtured by several members of the Committees that the residual funds were accumulated and preserved principally because of devious profit motives, all of which worked to the unfortunate detriment of the Contras. This is a pernicious and particularly offensive allegation.

Funds were on hand when these transactions terminated simply because the ongoing operations were aborted. General Secord was saddled with the responsibility to preserve and

UNCLASSIFIED

Chapter 22
Footnote 164, 169, 170

STG 134511

STTGI
ANALYSIS OF 1ST AMERICAN BANK
1986

CHECK #	DATE	REMITTER/PAYEE	TYPE	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
869	05/05/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
	05/02/86	DEPOSIT	DEPOSIT		15,000.00 (A)	
	05/05/86	DEPOSIT	DEPOSIT ?		38,700.00 — Source Aero Bank Switzerland	STTGI 13454
870	05/13/86	R.V. SECORD Ⓑ	LOAN TO STTGI	30,000.00		
871	05/14/86	JOHN L. CORBIN	SALARY	745.80		
872	05/14/86	SHIRLEY A. NAPIER	SALARY	792.96		
873	05/14/86	AMERICAN EXPRESS	BILL	8,746.29		
881	05/14/86	C & P TELEPHONE	TELEPHONE	1,739.22		
882	05/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
886	05/16/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	1,117.92		
	05/14/86	DEPOSIT	DEPOSIT		5,545.24	
900	05/30/86	JOHN L. CORBIN	SALARY	745.80		
901	05/30/86	SHIRLEY A. NAPIER	SALARY	792.96		
902	05/30/86	ROBERT C. DUTTON	SALARY	3,283.50		
903	05/30/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
890	05/30/86	PATTON, BOGGS, AND BLOW	LEGAL	[illegible],919.65		
898	05/30/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		
899	05/30/86	HELEN/FERRIS OWENS	RENT - APT.	975.00		
904	05/30/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
905	06/02/86	ROBERT C. DUTTON	RELOCATION	2,000.00		
	06/04/86	DEPOSIT	DEPOSIT		70,482.90 (E)	
906	06/09/86	GLEN ROBINETTE		5,000.00		
909	06/10/86	C & P TELEPHONE	TELEPHONE	1,442.49		
912	06/10/86	AMERICAN EXPRESS	BILL	10,227.64		
914	06/10/86	ALBERT HAKIM	LOAN	20,000.00		
915	06/10/86	BRONSON, PETRIE &, WEIGH, AND STERN	ACCOUNTING	1,124.50		
	06/10/86	COMPAGNIE DE SERVICES FIDUCIAIRES	LEGAL	4,049.36		
917	06/13/86	JOHN L. CORBIN	SALARY	774.97		
918	06/13/86	SHIRLEY A. NAPIER	SALARY	792.96		
920	06/13/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	4,[illegible].52		
923	06/24/86	GLEN ROBINETTE		5,000.00		
924	06/24/86	SHIRLEY A. NAPIER	SALARY	792.96		
925	06/24/86	JOHN L. CORBIN	SALARY	774.97		
926	06/24/86	ROBERT C. DUTTON	SALARY	3,283.50		
927	06/24/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
935	06/24/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		
934	06/24/86	[illegible] OWENS	RENT - APT.	975.00		
936	06/24/86	[illegible] BANK OF VIRGINIA	FED TAX DEPOSIT	2,963.64		
	07/10/86	DEPOSIT	DEPOSIT		20,961.87 (A)	
	07/10/86	DEPOSIT	DEPOSIT		30,000.00 (A)	
943	07/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,658.72		
944	07/14/86	AMERICAN EXPRESS	BILL	9,554.17		
957	07/14/86	C & P TELEPHONE	TELEPHONE	1,900.69		
960	07/14/86	JOHN L. CORBIN	SALARY	774.97		
961	07/14/86	ALBERT HAKIM	CONSULTING	5,000.00		
965	07/14/86	[illegible] INSURANCE [illegible]	INSURANCE	1,030.00		
970	07/18/86	SHIRLEY A. NAPIER	SALARY	792.96		
975	07/28/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
981	07/29/86	PATTON, BOGGS, AND BLOW	LEGAL	1,565.65		
983	07/29/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.50		

UNCLASSIFIED

870

4770

…ified/Released … provisions of E… … National Sec…

1/22/NK

22-164

Footnote 164, 169, 170

UNCLASSIFIED

STG 134511

ANALYSIS OF 1ST AMERICAN BANK
1986

CHECK #	DATE	REMITTER/PAYEE	TYPE	AMOUNT OF CHECK	AMOUNT OF DEPOSIT	BALANCE
859	05/05/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
	05/02/86	DEPOSIT	DEPOSIT		15,000.00 (A)	
	05/05/86	DEPOSIT	DEPOSIT ?		58,700.00 — Source Deag Bank Switzerland	
870	05/13/86	R.V. SECORD (B)	LOAN TO STTGI	30,000.00		
871	05/14/86	JOHN L. CORBIN	SALARY	745.88		
872	05/14/86	SHIRLEY A. NAPIER	SALARY	792.96		
873	05/14/86	AMERICAN EXPRESS	BILL	8,746.29		
881	05/14/86	C & P TELEPHONE	TELEPHONE	1,739.22		
882	05/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
886	05/16/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	1,117.92		
	05/14/86	DEPOSIT	DEPOSIT		5,545.24	
900	05/30/86	JOHN L. CORBIN	SALARY	745.88		
901	05/30/86	SHIRLEY A. NAPIER	SALARY	792.96		
902	05/30/86	ROBERT C. DUTTON	SALARY	3,283.54		
903	05/30/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
896	05/30/86	PATTON, BOGGS, AND BLOW	LEGAL	2,419.65		
898	05/30/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.56		
899	05/30/86	HELEN/FERRIS OWENS	RENT - APT.	975.00		
904	05/30/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,512.36		
905	06/02/86	ROBERT C. DUTTON	RELOCATION	2,000.00		
	06/04/86	DEPOSIT	DEPOSIT		70,482.90 (E)	
906	06/09/86	GLEN ROBINETTE		5,000.00		
909	06/10/86	C & P TELEPHONE	TELEPHONE	1,442.49		
912	06/10/86	AMERICAN EXPRESS	BILL	10,227.64		
914	06/10/86	ALBERT HAKIM	LOAN	20,000.00		
915	06/10/86	ARONSON, FETRIDGE, WEIGH, AND STERN	ACCOUNTING	1,124.50		
	06/10/86	COMPAGNIE DE SERVICES FIDUCIAIRES	LEGAL	4,049.36		
917	06/13/86	JOHN L. CORBIN	SALARY	774.97		
918	06/13/86	SHIRLEY A. NAPIER	SALARY	792.96		
920	06/13/86	1ST AMERICAN BANK OF VIRGINIA	FED TAX DEPOSIT	4,[illegible].52		
923	06/24/86	GLEN ROBINETTE		5,000.00		
924	06/24/86	SHIRLEY A. NAPIER	SALARY	792.96		
925	06/24/86	JOHN L. CORBIN	SALARY	774.97		
926	06/24/86	ROBERT C. DUTTON	SALARY	3,283.54		
927	06/24/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
933	06/24/86	[illegible] 7 ASSOCIATES	RENT	3,868.56		
934	06/24/[illegible]	[illegible] OWENS	RENT - APT.	975.00		
936	06/24/[illegible]	[illegible] BANK OF VIRGINIA	FED TAX DEPOSIT	2,963.64		
	07/10/86	[illegible]	DEPOSIT		20,961.07 (A)	
	07/10/86	DEPOSIT	DEPOSIT		30,000.00 (A)	
943	07/14/86	STANFORD TECHNOLOGY CORP.	INSURANCE	1,668.72		
944	07/14/86	AMERICAN EXPRESS	BILL	9,556.17		
957	07/14/86	C & P TELEPHONE	TELEPHONE	1,900.69		
960	07/14/86	JOHN L. CORBIN	SALARY	774.97		
961	07/14/86	ALBERT HAKIM	CONSULTING	5,000.00		
963	07/14/86	[illegible] INSURANCE [illegible]	INSURANCE	1,030.00		
970	07/18/86	SHIRLEY A. NAPIER	SALARY	792.96		
975	07/28/86	SECORD ASSOCIATES	CONSULTING	6,000.00		
981	07/29/86	PATTON, BOGGS, AND BLOW	LEGAL	1,565.65		
983	07/29/86	WESTWOOD 7 ASSOCIATES	RENT	3,868.56		

STTG 13454

UNCLASSIFIED

4770

ified/Released 1/22/NK
under provisions of E.O.
National Security Council

UNCLASSIFIED

SC 040

allocate funds in response to a number of real and anticipated needs. This required a continuing assessment of priorities and the need to reserve against contingencies known and unknown. General Secord delivered to the Committees long ago most of his original, contemporaneous worksheets which reflect his decisional process. None of this material was contrived, and no one has been silly enough to suggest otherwise. Even a cursory review of this material will demonstrate that General Secord intended that the residual funds were to be devoted to operations.

Rather than burden this letter with a detailed summary of General Secord's testmony, I have included an extrapolation from the documents he provided, which is essentially a series of "snapshots" which capture the process of allocation over time in 1986.

FUNDS AVAILABLE AND ANTICIPATED DISBURSEMENTS

A. Early February, 1986 -- $87,000 available. Several million dollars required to carry through with the Central American airlift project.

UNCLASSIFIED

B. Early March, 1986 -- $6 million available. $2-4 million required for aircraft hull self-insurance per Israeli demand.*

C. Estimated disbursements for March and April, 1986, included the following:

Israeli Air Force	$ 150,000
Costa Rica Air Strip Project (Contra)	150,000
Defex (Contra)	2,360,000
Aircraft Procurement (Contra)	1,000,000
Salaries (Contra)	50,000
Contra Medical Expenses	50,000
Initial Blowpipe Procurement (Contra)	200,000
Fenced Insurance Fund (Contra)	200,000
	$4,160,000**

---

*We are confident that the Israelis will confirm this requirement.

**Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

D. April 1, 1986 -- $5 million available. Estimated disbursements for April, May and June, 1986, included:

Aircraft Operations and Maintenance (Contra)	$ 650,000
Israeli Air Force	150,000
Communications Procurement (Contra)	100,000
Initial Blowpipe Procurement (Contra)	350,000
Medical Supplies and Local Operations at [redacted] (Contra)	45,000
Southern Air Transport (Contra)	120,000
Salaries (Contra)	72,000
Defex (Contra)	2,200,000
Israeli TOW's	822,000
	$4,509,000*

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

SC 040

E. End April -- $4 million available. $4 million needed for hull insurance reserve. Estimated disbursements through June included:

Defex (Contra)	$ 280,000
Aircraft Operations and Maintenance (Contra)	650,000
Three British Air Crewmen (Contra)	110,000
Blowpipe Procurement (Contra)	1,000,000
Salaries (Contra)	72,000
Israeli TOW's	822,000
Costa Rica Air Field (Contra)	60,000
SAT (Contra)	55,000
Insurance Fund Fenced (Contra)	200,000
C123 Spare Parts (Contra)	200,000
Israeli Air Force	185,000
	$3,634,000*

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

F. Early June, 1986 -- Hull insurance requirement still in effect. $13 million available. Estimated disbursements through July, 1986, included:

Refund demanded by Ghorbanifar	$15,000,000
Airlift Operations and Maintenance through July (Contra)	500,000
Salaries through July (Contra)	90,000
Israeli Air Force	240,000
Costa Rica Airfield Completion	100,000
Shipload of Munitions (Contra - for delivery in August	3,300,000
Insurance Fund Fenced (Contra)	200,000
Aircraft Procurement (Contra)	500,000
	$19,930,000*

G. July 1, 1986 -- $12 million available. $2 million still needed for hull insurance. Ghorbanifar claims

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

SC 04[illegible]

$10 million owed to him. Estimated disbursements through August, 1986, included:

Refund demanded by Ghorbanifar	$10,000,000
Airlift Operation and Maintenance, July and August (Contra)	500,000
Salaries, July and August (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
Secure Communications Equipment (Iran)	120,000
Ship, Erria, Operations (Contra)	150,000
Shipload Munitions (Contra)	2,200,000
	$13,260,000[*]

H. Early August, 1986 -- $9 million available. Ghorbanifar still claims $10 million owed to him and threatens to expose the operation unless paid.

---

[*] Does not include what by this time is a $2 million hull insurance fund.

UNCLASSIFIED

Estimated disbursements through September, 1986, included:

Refund to Ghorbanifar	$10,000,000
Airlift Operations and Maintenance, August and September (Contra)	400,000
Salaries, August and September (Contra)	90,000
Shipping, Erria, Expenses (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
	$10,780,000*

Although at the time these operations were disclosed in November, 1986, approximately $8 million was available, Ghorbanifar still continued to press his claim. During this period General Secord contemplated the purchase of a 707 aircraft and spare parts in connection with implementing the

---

[*] Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

SC 04U

second channel ($2-2.5 million), and roughly a million dollars were owed or obligated on account of the following:

> Danish ship agent ($300,000+); Southern Air Transport ($100,000); death benefits ($200,000); Swiss Air charter ($50,000); [redacted] bills ($100,000); Costa Rica real estate bill ($100,000+) and $100,000 miscellaneous (including continued funding for the ship Erria).

Planning for the establishment and funding of a permanent European joint venture company to support U.S./Iranian commercial transactions over a several-year period (until such time as the two governments could deal directly with one another) was terminated when these operations were exposed. Israel had concurred in this venture, and it was contemplated that Iran would donate $20-40 million to the new venture to make it viable. This would include sufficient funds to "forward finance" procurements from the U.S. and from Europe after agreement by U.S. and Iranian government officials as envisioned in the nine-point plan.

The allocation exercise periodically undertaken by General Secord was admittedly based on estimates, but it is against this background of competing claims and demands that he made his decisions to fund the Contras at whatever level circumstances would permit. Ghorbanifar's claims were serious,

UNCLASSIFIED

UNCLASSIFIED

and they presented a credible threat to the continuation of operations (although not in General Secord's view in any meaningful legal sense). Contrary to the picture painted at times at the hearings that abundant excess money was available to fund the Contras, funds were expended to support their operations almost always with consequent risk to the continuation of the Iranian operation and to General Secord personally. Had the Contra airlift project not been deemed so vital by General Secord, it might have been suspended or stopped any number of times as a result of other funding requirements.

In the final analysis over $4 million from the Iranian operation was expended for the benefit of the Contras as a result of General Secord's juggling of his priorities. In view of the fact that General Secord devoted two years of around-the-clock effort to making these projects work, we think it hardly fair to engage in an after-the-fact review of his priority decisions. He was after all, despite contentions to the contrary, acting in furtherance of the policies of this government and with its blessing.

There are a couple of other "money" issues which have been exaggerated to grotesque proportions. In October, 1985, well before the Iran initiative began, General Secord purchased a 1973 Seneca airplane for the approximate sum of $35,000. The money used to buy the aircraft came from a consulting fee and

UNCLASSIFIED

UNCLASSIFIED

SC 040

was reported as income on General Secord's 1985 tax return. In 1986 General Secord purchased a Porsche automobile for $31,000. (Porsche never got so much free publicity). General Secord insists that the money to buy the car was borrowed from Albert Hakim, consistent with a pattern of loans made to him in accordance with a 1983 business agreement, which includes yet another loan of $32,000 for legal fees made by Hakim in February of this year.

We, of course, are not familiar with the personal purchases of members of Congress. It would be interesting (perhaps) to know all about them. But what is so unwholesome or sinister (or of national importance) about buying a Porsche and a 15 year old airplane, and if you insist on linking these acquisitions to the Iran/Contra projects: "where's the beef?" If you add up every dime that found its way to General Secord's pockets which is in any way arguably related to the Iran/Contra projects (even without regard to what it represents), you never get above $225,000.00. That is hardly an extraordinary sum for two years of work, and it is clearly unworthy of the exploitation attempted by some members of the Committees.

Certain members of the Committees chose (we think deliberately) to ignore confirmed facts in an effort to embarrass General Secord and serve their personal, political agenda. For example, General Secord was accused of using donated funds to purchase Maule aircraft for himself, a

UNCLASSIFIED

supposed fact which astonished several of the donors during their public testimony and which was presumably designed to elicit similar emotions from the listening audience. The truth is simply that all Maule aircraft were transferred to the Contras; the Committees know that and knew it at the time this charade was played out in public.

Toying with the facts is unbecoming during a congressional investigation, yet it occurred frequently. In interrogating another witness, a Senator asserted that General Secord and Albert Hakim were the owners of East Inc., a company which contracted to provide operations and maintenance services in Central America. The claim is false. Even worse was the Senator's use and manipulation of documents to make it appear that General Secord was charging excessive profits on aircrew salaries. The facts are that the documents used by the Senator did not relate to aircrew salaries and, even more significantly, the documents were not records of any company owned or controlled by General Secord. The language used by the Senator to make his point was downright ugly, and the whole episode was outrageous.

Other members attempted to dance on General Secord's back by asserting that he had no security clearance. Again, the truth is that General Secord held the highest level DOD security clearance until January of 1987. When Felix Rodriguez was called to testify, he was fed a series of leading questions

UNCLASSIFIED

(in reality the answers) in an attempt to taint General Secord with the sins of convicted felon Edwin Wilson. Although Rodriguez denied any association with Wilson, it is he, not General Secord, who worked with and for Wilson over an extended period of time. Moreover, when Rodriguez was prompted to criticize the military supplies furnished by General Secord to the Contras, someone was kind enough to expose the fact that Rodriguez's hearsay was based on information from Mario Del Amico, a competitor in the arms supply business.

The attempt by certain members to seize opportunities to link General Secord to Edwin Wilson evolved rather quickly into blatant character assassination. General Secord did know Edwin Wilson long before the time Wilson's legal problems arose. Allegations first raised in 1982 that General Secord (and others) might have been involved in business transactions with Wilson were exhaustively investigated by the Department of Justice for over two years. The investigation of General Secord was ultimately terminated and formally closed for lack of any evidence -- a fact never mentioned by any member during the hearings.

General Secord and his colleagues were also criticized for departing from or misrepresenting United States foreign policy. This claim is absolutely baseless. His dialogue with the Iranians tracked established policy and was based on approved proposals. As the tapes would demonstrate,

UNCLASSIFIED

General Secord never committed the United States to fighting the Russians in defense of Iran. General Secord knew about, and was qualified to explain, United States policy in regard to a possible Soviet invasion of Iran. [redacted]

Although other portions of the record are deserving of comment, it is impossible to examine each and every distortion or inaccuracy in a letter such as this. What is important to emphasize is that General Secord was made to pay a very high price for voluntarily coming forward, without immunity, to assist the Congress in its investigation, and, for sure, he is not inclined to answer the phone if his government calls again.

Certain of the immunized witnesses were actually praised for their courage to testify, in contrast to General Secord, whose reputation and integrity were attacked for obvious, partisan purposes. Although this entire experience has been more than slightly bitter for General Secord, he reamins confident that he acted appropriately and honestly in the service of his country.

Whether by its treatment of General Secord the Congress has hampered its ability to entice and receive

UNCLASSIFIED

voluntary testimony from important witnesses is a separate question. Certainly the treatment accorded General Secord could not have been designed to enhance the image of Congress as an impartial and fair investigator.

On behalf of Richard V. Secord, I respectfully request that this letter be entered in the official record of the Committees' investigation.

Sincerely yours,

Thomas C. Green

TCG:jme

attachments

UNCLASSIFIED

LAW OFFICES
SHARP GREEN & LANKFORD
800 MASSACHUSETTS AVENUE N W
WASHINGTON D C 20036

JAMES E. SHARP
THOMAS C. GREEN
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

[illegible]
[illegible]

TELEPHONE
[illegible]

SC 04[illegible]

May 26, 1987

4749

Partially Declassified/Released on 1/22/88 under provisions of E.O. 12356 by B. Reger, National Security Council

John W. Nields, Jr. Esq.
Counsel to U.S. House Select
Committee to Investigate Covert
Arms Transactions with Iran
Room H419
United States Capitol
Washington, DC

Dear Messers. Liman and Nields:

I am writing to clear up some confusion which has arisen with respect to the purchase of certain assets for the benefit of the Contras. Three Maule aircraft were tranferred to the Contras in 1985 at the direction of Mr.Secord. The first aircraft, tail number N5657H, was titled to NRAF, Inc., 52 Y el Vira Mendez, Panama, RP, in approximately July or August of 1985. This aircraft was previously owned by Mr. Secord and several colleagues. The Contras purchased the aircraft by wire transferring an amount equivalent to the outstanding indebtedness on the plane.

Maule aircraft tail numbers N5661I and N5661J were titled in the name of NRAF, Inc. on September 10, 1985, and on October 29, 1985, respectively. These aircraft were bought at cost from Maule Air, Inc. All three of these aircraft are owned exclusively by the Contras. Mr. Secord has no interest, direct or indirect, in any of these planes.

During the interrogation of General Singlaub, he was led to confirm that he could have bought twice the quantity of munitions at the prices charged by Mr. Secord. This conclusion is absolutely without merit. Only four items were purchased by both General Singlaub and Mr. Secord.

General Singlaub sold 10,000 AK-47's, folding stock model, at $135.00 per rifle. Mr. Secord sold 3,000 AK-47's, wooden stock model, at $217.00 per rifle. The wooden stock rifles were purchased for a cost of approximately $181.00 per rifle, and they were sold at a 20% mark up to the Contras.

General Singlaub sold 15,000,000 rounds of 7.62 X 39 at a price of $110.00 per thousand. Mr. Secord sold 7,500,000 rounds at an average price of $136.00 per thousand. Including mark up, Mr. Secord's price equates to 2.5¢ per round — one-half the quantity.

UNCLASSIFIED

General Singlaub sold 200 RPG-7's at $1,650.00 per launcher. Mr. Secord sold 80 RPG-7's at $1900.00 per launcher. Mr. Secord's price was 15% higher than General Singlaub's price on less than one-half the size of Singlaub's order.

General Singlaub sold 5,000 RPG-7 rounds at $185.00 per round. Mr. Secord sold 3,000 such rounds at $225.00 per round. This presents a 21.6% mark up over General Singlaub's price on little more than half the quantity supplied by General Singlaub.

General Singlaub shipped 348 tons of material and charged the Contras approximately $300,000.00 for shipping. Mr. Secord shipped over 600 tons and charged the Contras $150,000.00 for shipping.

If Mr. Secord had dealt in quantities comparable to those purchased by General Singlaub, the resulting price differential would have been de minimus, which means, in effect, that Mr. Secord was buying at substantially better prices.

Sincerely yours,

Thomas C. Green
Attorney for
Richard V. Secord

TCG:ddd

UNCLASSIFIED

SC 04103

ARMS SALES PROFIT ANALYSIS

PREPARED BY RICHARD V. SECORD

1985-1986

Phase I (Airlift February 1985; Sealift April 1985)

Sell $2,346,175
Costs 1,634,901
Profit 711,274 or 30.3% gross (43.5% of cost)

Phase II (Airlift March 1985)

Sell $1,235,596
Costs 924,756
Profit 310,840 or 25.1% gross (33.6% of cost)

Phase III (Sealift June 1985)

Sell $6,407,512
Costs 5,190,512
Profit 1,217,000 or 18.99% gross (23.45% of cost)

Phase IV (Airlift November 1985)

Sell $2,255,200
Costs 2,003,200
Profit 252,000 or 11% gross (12.78% of cost)

UNCLASSIFIED

Phase V (Airlift March 1986)

Sell $504,140

Costs 354,140

Profit 150,000 or 29.7% gross (42.3% of cost)

Phase VI (Airlift April 1986)

Sell $441,640

Costs 353,337

Profit 88,303 or 19.99% gross (25% of cost)

Phase VII (2 airlifts May 1986)

Sell $938,635

Costs 637,467

Profit 301,168 or 32% gross (47.2% of cost)

GRAND TOTALS

Sell $14,128,898

Costs 11,101,313

Profit 3,027,585 or 21% gross (27.3% of cost)

Note: Sealift July/August 1986 aborted

Costs about $2,400,000

Sold CIA 1,500,000

Returned to Enterprise - 1,200,000 (300,000 brokers fee to DEFEX)

UNCLASSIFIED

TOTALS OF TRANSACTIONS PRICED EXCLUSIVELY BY SECORD

Sell. $11,782,723

Costs 9,466,412

Profit 2,316,311 or 19.65% gross (24.5% of cost)

UNCLASSIFIED

22-184

CLASSIFIED AT TIME OF PUBLICATION.

22-186

CLASSIFIED AT TIME OF PUBLICATION.

22-195

CLASSIFIED AT TIME OF PUBLICATION.

22-186

CLASSIFIED AT TIME OF PUBLICATION.

J.U. [illegible]
Footnotes
197, 201

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

02 SCITECH TRADING GROUP INC.
LEDGER FROM 01 01 86 TO 31 12 86

N 02959

4771

UNCLASSIFIED

		NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
		TRANSIT ACCOUNT		(SUITE)				
		****** CAPITAL		US$				
001		****** CAPITAL CONTRIBUTIONS/WITHDRAWALS		US$				
1	1	BROUGHT FORWARD			5 133.00+		64 979.13	64 979.13-
	1	TRANSFER		101001		64 979.13		0.00
	1	CHQ R QUINTERO	5014	5600001		4 000 00		
7	1	REVERSAL	5014	5600001			4 003.35	3.35-
5	1	CHQ K. PHILLIPS	5043	5600001		4 000.00		
6	1	PMT HOTEL INTERCONT.	5048	5600001	952 45+	457.24		4 453.89
0	1	CHQ R. QUINTERO + BC	5097	5600001		4 003.49		
0	1	REVERSAL	5097	5600001			4 003.49	4 453.89
6	2	TRANSFER FROM LAKE RES.	5217	5600001			100 000.00	95 546 11-
5	2	CHQ K. PHILLIPS + BC	5380	5600001		2 003.71		93 542.40-
8	2	CASH WITHDRAWAL	5262	5600001		30 000.00		63 542.40-
4	3	PMT INV. INTERCONTINENTAL	5325	5600001	4 872 80+	2 551.20		60 991.20-
0	4	PMT INV. HOTEL INTERCONTINENTAL	6025	5600001	2 034.60+	1 036.74		59 954.46-
1	4	CHQ TO SITGI + CHARGES	2060	5600001		58 802.60		1 151.86-
2	4	NEW FUNDS	6085	5600001			16 000.00	17 151 86-
0	4	CHQ K. PHILLIPS + BC	6104	5600001		2 003.87		15 147.99-
0	5	NEW FUNDS	6189	5600001			8 833.00	23 980.99-
2	5	TR. FROM HYDE PARK	6210	5600001			100 000.00	123 980 99-
2	6	NEW FUNDS	6269	5600001			26 390.00	150 370.99-
3	6	RBT TEL. CALL	6253	5600001	112.00+	59.25		150 311.74-
4	6	CHQ K. PHILLIPS + BC	6276	5600001		2 003.76		148 307.98-
1	6	PMT HOTEL INTERCONTINENTAL	6312	5600001	2 745.45+	1 506.41		146 801.57-
9	6	TR. FROM DEFEX	6422	5600001			3 728.00	150 529.57-
0	6	CHQ K. PHILLIPS + BC	6409	5600001		2 003.93		148 525.64-
7	7	PMT INV. 1323	7075	5600001		2 150.00		146 375.64-
	8	CHQ K. PHILLIPS	7228	5600001		4 000.00		142 375.64-
	9	TRANSFER FM U.B.S., FRIBOURG	7286	5600001			86 133.00	
	9	CHQ K. PHILLIPS	7307	5600001		2 000.00		226 508 64-
2	9	TRANSFER FAV. STANFORD TECH.	7418	5600001		15 000.00		211 508.64-
	10	CHQ TO KEITH E. PHILLIPS	8002	5600001		2 000 00		209 508 64-

[illegible] Released on 1/22/88
under provisions of E.O. [illegible]
[illegible]

UNCLASSIFIED

UNCLASSIFIED

20-197+201

CSF INVESTMENTS LTD.
HAMILTON BERMUDA

202 SCITECH TRADING GROUP INC
LEDGER FROM 01 01 86 TO 31 12 86

H 02960

4778

/C	NAME & DESCRIPTION	DOC NO	CONTRA		DEBIT	CREDIT	BALANCE
0001	CAPITAL CONTRIBUTIONS/WITHDRAWA		(SUITE)				
10	PMT INV. OF INTERCONTINETAL HOTEL	8054	5600001	1 841 30+	1 138 36		208 370 28-
11	CHQ KEITH E. PHILLIPS	8113	5600001		2 000 00		206 370 28-
11	REDEMPTION PAYMENT MADE BY SERFID	8120	5600001		130 319 31		76 050 97-
11	PMT INV. FM HOTEL INTERCONTINENTA	8144	5600001	1 243 00+	727 75		75 323 22-
3 12	CHQ 391 INTERCONTINENTAL HOTEL	8377	5600001	27 539 05+	16 199 44		59 123 78-
	TRANSACT. & BALANCE			46 473 65+	354 845 19	413 968 97	59 123 78-
1001	****** CAPITAL INVESTED		US$				
1 1	BROUGHT FORWARD					38 000 00	38 000 00-
2 1	TRANSFER		100001			64 878 13	102 878 13-
3 1	MGT FEES 4TH QUARTER 1985	5001	5600001		130 46		102 747 67-
3 4	MGT FEES 1ST QUARTER 1986	6001	5600001		338 83		102 408 84-
7	MGT FEES 2ND QUARTER 1986	7001	5600001		538 35		101 870 49-
8 9	7 1250 CALL CREDIT LYONNAIS ADJ. 1-		58J000F		0 00		101 870 49-
8 9	US$/HK$ AT 7 8035	7364	5600001		17 356 38		84 514 11-
5 10	MGT FEES 3RD QUARTER 1986	8001	5600001		740 65		83 773 46-
3 12	HK$/US$ AT 7 801	8418	5600001	163 089 01-		20 906 16	
3 12	MGT FEES 4TH QUARTER 86	8428	5600001		649 04		104 030 58-
	TRANSACT. & BALANCE 1-			163 089 01-	19 753 71	123 784 29	104 030 58-
1017	****** CAPITAL INVESTED		HK$				
8 9	US$/HK$ AT 7 8035	7364	5600017			135 440 50	135 440 50-
3 12	HK$/US$ AT 7 801	8418	5600017	20 906 16+	163 089 01		27 648 51
	TRANSACT. & BALANCE			20 906 16+	163 089 01	135 440 50	27 648 51

UNCLASSIFIED

1/22/88

902

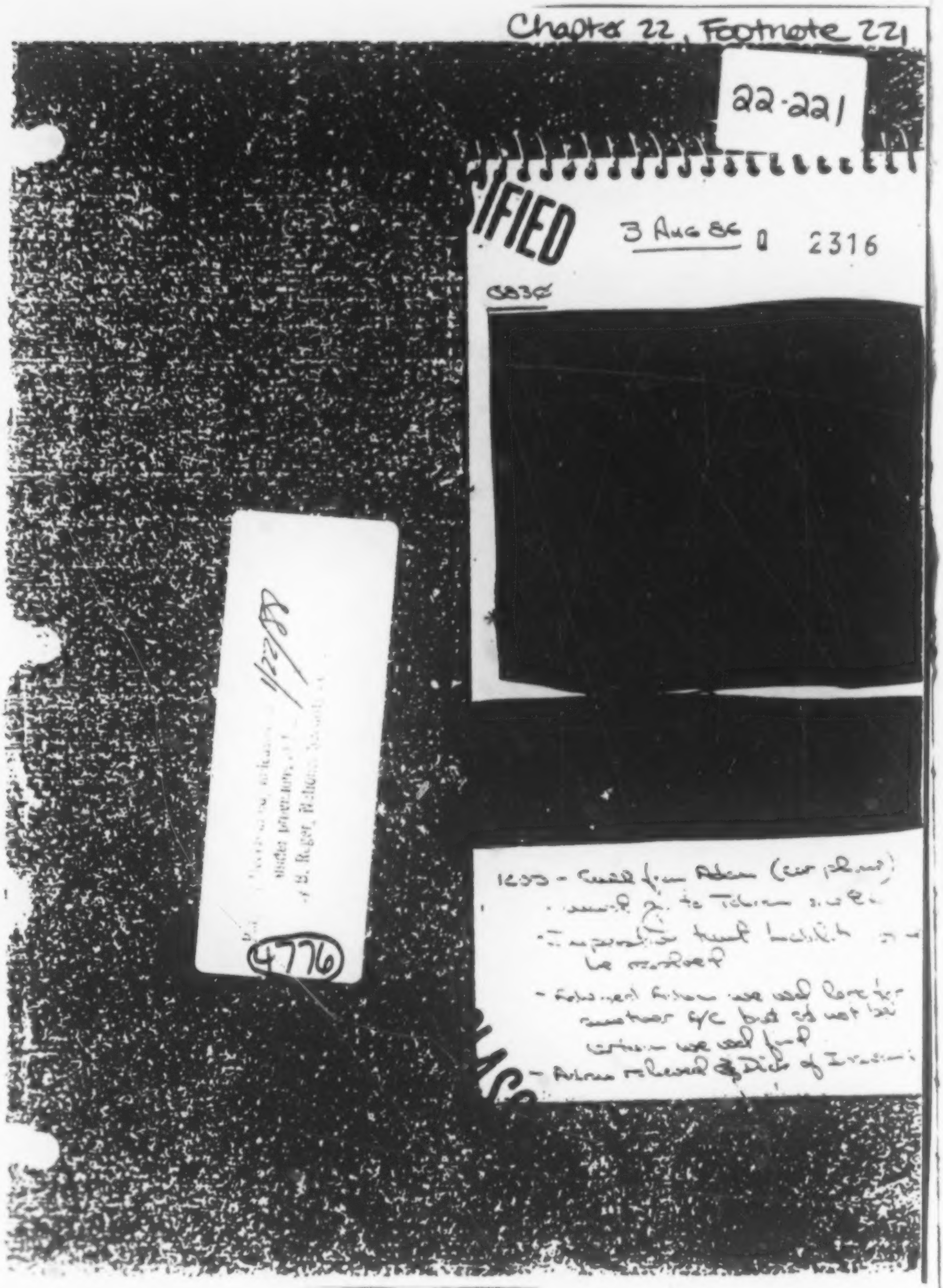
22-201

CLASSIFIED AT TIME OF PUBLICATION.

22-207

DOCUMENT UNAVAILABLE.

Chapter 22, Footnote 221



22-221

IFIED

3 Aug 86 @ 2316

0830

[redacted]

[redacted]

1235 - Call from Adam (car phone)
- arrived [illegible] to Tehran [illegible]
- [illegible] trust [illegible] be [illegible]
- [illegible] we [illegible] for [illegible] but [illegible] we [illegible]
- Adam relieved [illegible] of [illegible]

1/22/88

[illegible] under provisions [illegible] B. Reger, National Security [illegible]

4776

Chapter 22
Footnote 236

22-236

UNCLASSIFIED
SECRET

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

SYSTEM II
90443

N 10288

SECRET

ACTION

June 4, 1986

MEMORANDUM FOR RODNEY B. MCDANIEL

FROM: RAYMOND F. BURGHARDT

SUBJECT: Minutes of the May 16, 1986 National Security Planning Group Meeting

Attached are the minutes of the National Security Planning Group meeting on May 16, 1986.

RECOMMENDATION

That the attached minutes be filed.

Approve ____✓____ Disapprove ______

[redacted]nt:
Minutes of the NSPG Meeting

Cover sheet only 1/22/88

4777

UNCLASSIFIED ~~SECRET~~

THE WHITE HOUSE

WASHINGTON

[illegible] 237

SYSTEM II
90366

N 6263

~~SECRET~~

ACTION

Roy: Has [illegible] the Pres

22-237

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER

SUBJECT: Next Steps re Aid to the Nicaraguan Democratic Resistance Forces (DRF)

Issue

How should we proceed in our effort to obtain effective assistance to the Nicaraguan Democratic Resistance Forces (DRF)?

Background

Last month's rejection of our aid proposal by the House of Representatives has dealt a severe blow to the DRF. As of May 1, all humanitarian assistance funds have been expended and no further food, medicine, or clothing is available. By mid-June, the outside support which the resistance has received will be fully depleted and no further significant support appears readily available. As time goes on without any USG or outside assistance, the capabilities and morale of the resistance will be seriously debilitated. Despite our assurances to the Central American democracies, we still do not have a clear legislative path that will assure a positive vote in the next few weeks. This factor is also likely to influence Central American thinking on the Contadora accord.

Our legislative experts advise that our only near-term legislative vehicle is the military construction bill which is pending Committee action in the House. We are advised that Speaker O'Neill will accept DRF aid amendments to this bill during the week of June 9. Even if such a vehicle passes in the House, we stand a good chance of filibuster in the Senate and the likelihood that no aid would be available until August or September 1986.

[illegible]

Discussion

Given the urgency of the situation, our interagency team has recommended that this issue be addressed at the NSPG meeting on Friday, May 16. The group further recommends that we consider an immediate reprogramming of $15M from Defense, CIA for ~~humanitarian~~ ~~non-lethal~~ militar

~~SECRET~~
~~Declassify: OADR~~

UNCLASSIFIED

4778

BKD FBI
12-12-86

UNCLASSIFIED

~~SECRET~~

N 6264

assistance to the DRF. Given that many of the [illegible] ~~Since [illegible]~~ opponents [illegible] supported the earlier humanitarian aid and ~~the~~ reprogramming requires action by only the ~~[illegible]~~ intelligence committees, there is a reasonable likelihood of success. We can make a good case that this humanitarian assistance ($3M per month through August 1986) is essential to maintain ~~the~~ option of DRF pressure in order to improve prospects for a verifiable and enforceable Contadora agreement. Those who counsel delay on any DRF aid until after the Contadora process has "played out" can be ~~deflected~~ [illegible] by the argument that a ceasefire under Contadora still requires the DRF to survive while "national reconciliation negotiations" are underway.

Finally, State, Defense, and CIA agree that a reworked Presidential Message to the Congress is important to the overall long-term success we hope to achieve. Between now and Friday, the draft of the Message you reviewed on the Summit trip will be reworked to include stronger language on the consequences of [illegible] ~~inaction~~. We do not believe that your Message should reference the reprogramming action specifically, but all concur that we must hold the Congress ~~accountability~~ accountable for a failure to act. State, Defense, and CIA ~~[illegible]~~ that the summary at Tab A embodies the elements of what we must provide in authorities and resources for an effective program of support to the DRF.

Recommendation

OK No

_____ _____ 1. That you review the attached Section-by-Section Summary (Tab A) prior to the NSPG meeting on Friday, May 16.

Prepared by:
Oliver North
Ray Burghardt

Attachment
Tab A - Section-by-Section Summary

(not included)

UNCLASSIFIED

~~SECRET~~

0,000.00 Footnote 204

PAGNIE DE SERVICES
IDUCIAIRES SA

VALUE DATE 10/24/86
RNB REFERENCE 6AUS1230130
CUST REFERENCE
SEND REFERENCE 10/24/86-1230130 H1520 A

REFERENCE
FIRST PENN BANKING & TR CO

ATT MR ROBERT DEVAULT ACC FURWAY INDS. 073 625 6 B/O A CLIENT

DESCRIPTION FED WIRE

606304649

UNCLASSIFIED

Republic National Bank of New York 10/24/86

ACCOUNT NUMBER [redacted]

DEBIT $100,000.00

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

VALUE DATE 10/24/86
RNB REFERENCE 6AUS0480010
CUST REFERENCE
SEND REFERENCE 10/24/86-0480010

REFERENCE
RAINIER NATIONAL BANK

BBK=YR GRAYS HARBOR BLVD ABERDEEN, WASH. BNF=GRAYS HARBOR TITLE C
O. TRUST ACCT 125 000 037 005 077 260 A BBI=QUINAULT RESERVATIO
N TIMBER/SRH CORP INS=COMPAGNIE DE SERVICES FIDUCIAIRES SA

DESCRIPTION FED WIRE

[redacted]

UNCLASSIFIED

Partially Declassified/Released on 1/22/88
under provisions of E.O. 12356
by B. Reger, National Security Council

4773

22-202

H1520B

Republic National Bank of New York

11/05/86

CREDIT $130,319.31 ✓

ACCOUNT NUMBER [redacted]

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

VALUE DATE 11/05/86
RNB REFERENCE CH5503900AC
CUST REFERENCE
SEND REFERENCE 11/05/86-03900AC

UNCLASSIFIED

REFERENCE

C S F INVESTMENTS LTD

DESCRIPTION INTERNAL TRANSFER [redacted]

UNCLASSIFIED

1/22/88

ACCH

UNCLASSIFIED

Republic National Bank of New York 10/28/86

NT NUMBER [redacted]

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

DEBIT $30,299.31

H 15200

VALUE DATE 10/28/86
RNB REFERENCE 6AS50340030
CUST REFERENCE
SEND REFERENCE 10/28/86-0340030

REFERENCE
RAINIER NATIONAL BANK

BBK=YR 2ND & SPRING BR BNF=HARRIS MERICLE & ORR TRUST A/C 1830104
612 OBI=U/C/A INS=COMPAGNIE DE SERVICES FIDUCIAIRES SA

DESCRIPTION FED WIRE

[redacted]

Republic National Bank of New York 10/28/86

ACCOUNT NUMBER [redacted]

COMPAGNIE DE SERVICES
FIDUCIAIRES SA

DEBIT $1,200.00

VALUE DATE 10/28/86
RNB REFERENCE 6AS51110040
CUST REFERENCE
SEND REFERENCE 10/28/86-1110040

REFERENCE
BANK OF NEW YORK

SN BBK=YR 48 WALL ST TRUST DEPT BNF=TRUSSTEE U/A 4/6/60 FOR M. ME
RCEDES O'DONNELL 434391 OBI=ATT MR G YEIMANO

DESCRIPTION CHIPS

[redacted]

4775

UNCLASSIFIED

CHAPTER 23. OTHER PRIVATELY FUNDED COVERT OPERATIONS

23-3

CLASSIFIED AT TIME OF PUBLICATION.

23-5

DOCUMENT UNAVAILABLE.

23-8

DOCUMENT UNAVAILABLE.

23-12

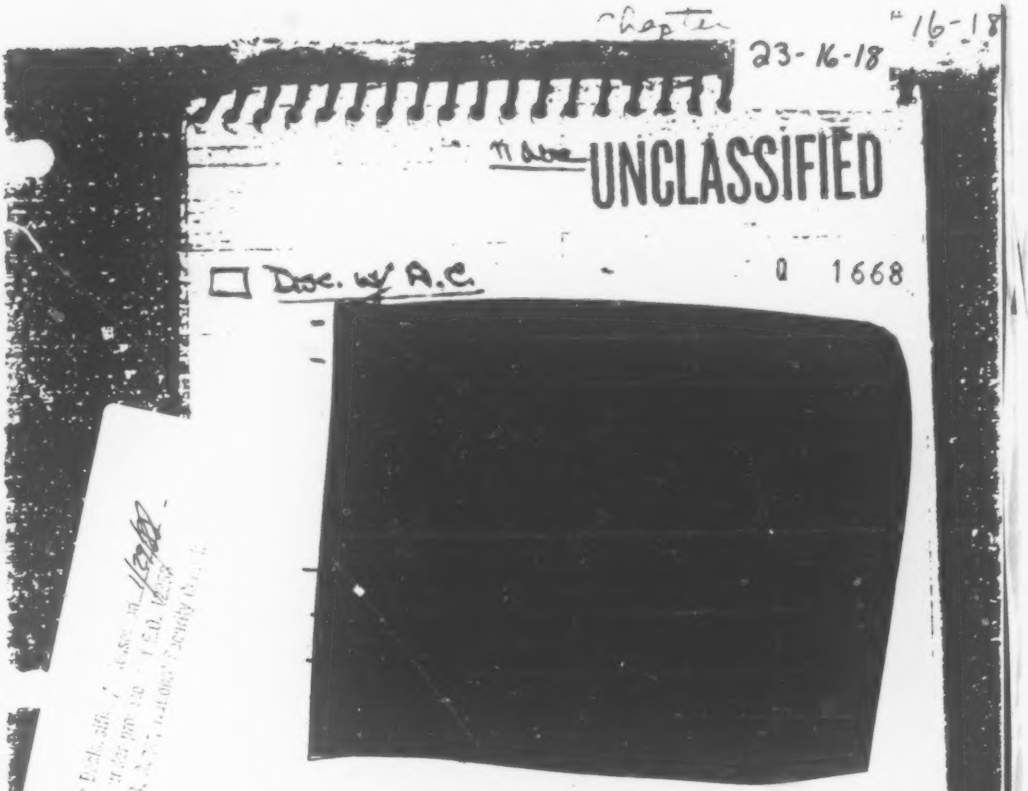
CLASSIFIED AT TIME OF PUBLICATION.

23-14

CLASSIFIED AT TIME OF PUBLICATION.

23-15

CLASSIFIED AT TIME OF PUBLICATION.



Chapter 23-16-18 "16-18

n abe UNCLASSIFIED

☐ Disc. w/ A.C.

Q 1668

[redacted]

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by R. [illegible] National Security Council

12 DEC 85

1/ Call from Col Cauffield
- History Prob. - Independent Action
HCTF - ORGANIZATION
- Two leader fund unknown - Dept contacts
- Dept put the operation into [redacted]
- Dept not very sophisticated w/ work.
- Dept "Abe" (Lawrence) went to HCTF asked for 50K to get 4 delivered to [redacted] + plus - for release of C.C.I.

UNCLASSIFIED

(4699)

12 Mar UNCLASSIFIED

Q 1669

CT Confidential (cont'd)

- $50K payg for arrangements for $1M
  payoff
- DevCits will be delivered
- Fundamental decision: Do we pay ransom?
- convinced that [redacted] was paid

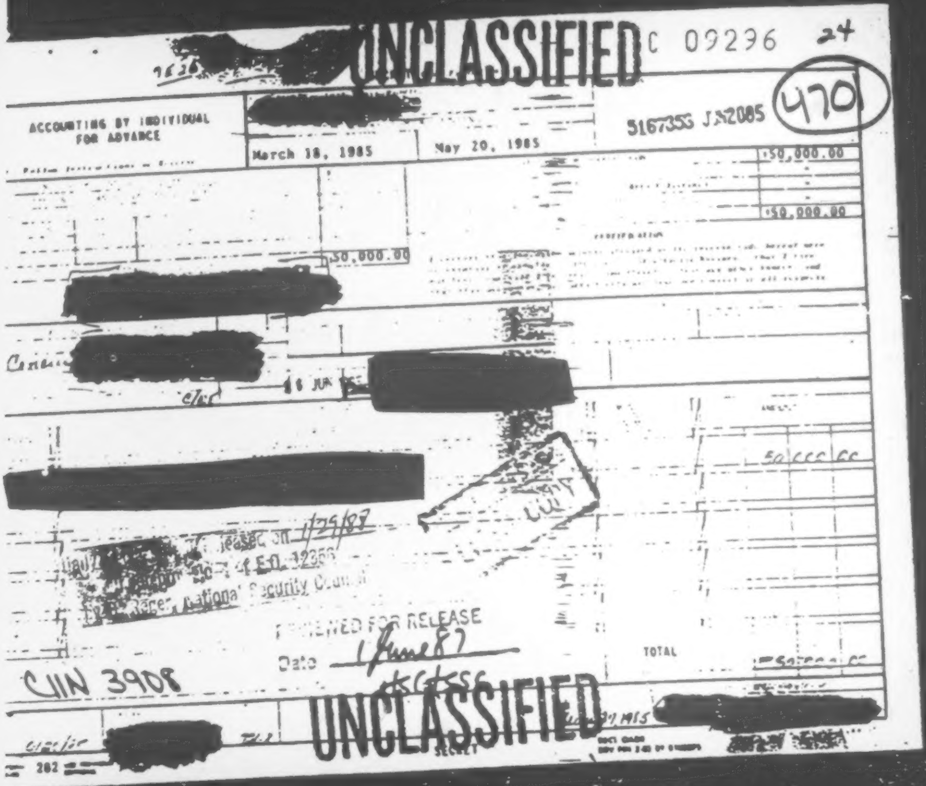
1/29/88

UNCLASSIFIED

(4700)

Chapter 23 FN.21.

23-21+22



9636 [redacted] UNCLASSIFIED C 09296 24

ACCOUNTING BY INDIVIDUAL
FOR ADVANCE

[redacted]

March 18, 1985

May 20, 1985

5167355 J 52085 (470)

$50,000.00

$50,000.00

$50,000.00

[redacted]

Conc [redacted]

18 JUN 85 [redacted]

C/CC

[redacted]

Released on 1/29/87
under provisions of E.O. 12356
by B. Reger, National Security Council

REVIEWED FOR RELEASE
Date 1 June 87
KC/CSC

CIIN 3908

50,000 00

TOTAL

50,000 00

[redacted]

[redacted]

202

UNCLASSIFIED

SECRET

923 82-684

SECRET (When Filled In)

ACCOUNTING BY INDIVIDUAL FOR ADVANCE

NOTE: Follow Instructions on Reverse

SUBMITTED BY (Last, First, Middle): [redacted]

VOUCHER NO.

PERIOD OF ACCOUNTING

FROM: March 18, 1985

TO: May 20, 1985

1. CASH ON HAND BEGINNING OF PERIOD	$
2. OUTSTANDING ADVANCES BEGINNING OF PERIOD	
3. RECEIPTS THIS PERIOD	
TOTAL TO ACCOUNT FOR	$50,000.00

RECEIPT NO.	DATE	DESCRIPTION

5. TOTAL EXPENSES (itemized on reverse side)	$50,000.00
6. REFUNDS RECEIPT NO.	-
7. OUTSTANDING ADVANCES END OF PERIOD (Attach listing)	-
8. CASH ON HAND END OF PERIOD OR BALANCE DUE ADVANCEE	-
TOTAL ACCOUNTED FOR	$50,000.00

CERTIFICATION

I certify that the disbursements itemized on the reverse side hereof were necessarily made by me in the conduct of official business, that I have not been, nor will I be, reimbursed therefore from any other source, and that this accounting and attachments are true and correct in all respects.

DATE

SIGNATURE OF INDIVIDUAL RENDERING ACCOUNT: [redacted]

OBLIGATION REFERENCE NUMBER | SOC | LC

I CERTIFY FUNDS ARE AVAILABLE

DATE | AUTHORIZED SIGNATURE

AUTHENTICATION

DATE | SIGNATURE OF APPROVING OFFICER: CNB [redacted]

ACKNOWLEDGEMENT OF RECEIPT

AMOUNT | CHECK NO.

DATE | SIGNATURE

SPACE BELOW FOR EXCLUSIVE USE OF OFFICE OF FINANCE

TRANS CODE	CODING AREA	MONETARY CONTROL NUMBER	AMOUNT
		TOTAL	

EXPLANATION OF ENTRY

DATE	PREPARED BY	EXT	DATE	REVIEWED BY	EXT

CERTIFIED FOR PAYMENT OR CREDIT

DATE | SIGNATURE OF CERTIFYING OFFICER

UNCLASSIFIED

UNCLASSIFIED

Partially Declassified/Released on 11/25/87 under provisions of E.O. 12356 by [illegible] National Security Council

REVIEWED FOR RELEASE

Date

FORM 282 USE PREVIOUS

SECRET

DECL OADR

DRV FM 2.82 BY 0102895

148-311

UNCLASSIFIED

C 09298 26

EXPENSES THIS PERIOD

VOUCHER NO	DATE	DESCRIPTION	AMOUNT
		Sensitive Joint Operation with DEA. Money was	$
		[redacted]aded by DEA officers-to their source (SEO-471).	
Rcpt 1A-1B	1/3[redacted]	[redacted] Expenses for DEA source SEO-471 - operation.	14,500
Rcpt 2	[redacted]	Expenses for DEA source SEO-471 operation.	20,000
Rcpt 3	[redacted]	Expenses for DEA source SEO-471 operation.	30,000
Rcpt 4	[illegible]	Receipt signed by DEA agent [redacted]	
		when he picked up the $50,000 from [redacted]	
		[redacted] CIA OFFICER.	
		1/29	
		Only $50,000 was provided by CIA for this	
		operation.	
		TOTAL EXPENSES (Enter on Line 5)	54,500

4703

INSTRUCTIONS

LINE OR SECTION

1. Enter on line 1 the amount of cash on hand at the beginning of the period, brought forward from the previous accounting period.

2. Enter on line 2 the amount of outstanding advances made to third parties, brought forward from the previous accounting period.

3. Enter in this section the amount of each receipt during the accounting period showing pertinent data, i.e., method or source of acquisition and applicable rate of exchange, if indigenous currency. If more space is required to explain receipts, prepare receipt form, number and attach hereto. In every case, completely identify the source of receipts.

4. Enter on this line the amount to be accounted for which shall be the sum of amounts shown in 1, 2, and 3.

5. Enter on this line the total expenses of the period obtained from the detail of expenses itemized above. Amounts listed above in excess of $15.00 shall be supported by a receipt obtained from the payee or in lieu thereof a certificate explaining the lack of receipt.

6. Enter on this line the amount of any refunds of advances by the advancee indicating the number of the receipt obtained from the official cashier.

7. Advances made to third parties which remain outstanding at the end of the accounting period shall be consolidated and the total entered as a single amount on this line supported by a listing on a separate sheet. Final credit will not be given for disbursements which are advances to be accounted for. When accountings for advances are obtained, list as expenses or refunds of cash, as appropriate.

8. Enter on this line the amount of cash on hand, or if the amount of the disbursements exceeds the amount advanced, the balance due the advancee shall be shown in parentheses, i.e. ( ), and treated as a minus amount in arriving at the "Total Accounted For," line 9.

9. Reflect on this line the "Total [illegible] the amount shown [illegible] Accounted For."

C11N 3909

UNCLASSIFIED

APPROVED FOR RELEASE
Date 1 June 87

SECRET UNCLASSIFIED C 09299 27

4704

REQUEST FOR ADVANCE OF FUNDS

1. VOUCHER NO.

2. TRANS CODE [redacted]	3. NAME (LAST, FIRST, MIDDLE) [redacted]		4. EMPLOYEE NO. [redacted]	5. OFFICE NE/[redacted]
PAYABLE TO SAUL AS[illegible]ALOVI	ROOM [redacted]	BUILDING HQS	EXTENSION [redacted]	AMOUNT $50,000.00
6. PROJECT NUMBER [redacted]	7. TYPE OF ADVANCE [redacted]	8. ACTIVITY NO.		9. DUE DATE 8504

PURPOSE (FIRST 24 CHARACTERS OF EACH LINE WILL BE ENTERED):

10. WHAT: SENSITIVE JOINT OPERATION WITH DEA

11. WHERE: [redacted]

12. WHEN: FEB-MAR 1985

13. WHY: SENSITIVE OPERATION-DOCUMENTATION ON FILE [redacted]

14. EXP CODE [redacted]

15. AGENCY CODE

16. OBLIGATION REFERENCE NO. [redacted]

ORN TYPE	ORN SUB #	17. SOC	18. AMOUNT	
P	[redacted]		50,000.00	COMMENT: [redacted] C/[illegible]
S				
S				
S				[redacted]

19. MONETARY CONTROL NO.

20. TOTAL AMOUNT $50,000.00

REQUESTING OFFICER		**APPROVED**	
DATE [illegible]	SIGNATURE [redacted]	DATE	SIGNATURE OF APPROVING OFFICER APPR [redacted]
I CERTIFY FUNDS ARE AVAILABLE		**CERTIFIED FOR PAYMENT OR CREDIT**	
DATE 2/1/85	SIGNATURE OF AUTHORIZING OFFICER [redacted]	DATE 2/1/[illegible]	AUTHORIZED CERTIFYING OFFICER [redacted]

I agree that I will fully account for this advance by submission of vouchers and refund of any unexpended balance at the place of accounting stated and by the due date checked below. In the event of my failure to so account and refund any unexpended balance, I authorize deduction from my salary to effect settlement.

I authorize my agent, whose signature appears below, to receive currency amounting to ____________ of official funds on my behalf and acknowledge receipt of such funds and my responsibility therefor, when paid to my agent.

RECEIPT FOR FUNDS ADVANCED

I acknowledge receipt of funds in the amount stated hereunder to be used for the purpose stated and accounted for as shown above.

DATE	SIGNATURE OF ADVANCEE	DATE	AMOUNT
DATE	SIGNATURE OF AGENT	SIGNATURE OF ☐ ADVANCEE ☐ AGENT	
DATE	PREPARED BY	DATE	REVIEWED BY

UNCLASSIFIED

Partially Declassified/Released on 7/25/88 under provisions of E.O. 12356 by [illegible] National Security Council

FILED FOR PAYMENT [illegible] 1 June 85

FORM 1-80 281 OBSOLETE PREV. EDITIONS JUN 30 [illegible] SECRET RVW 20 YRS FR DATE CERTIFIED DRV A9c3.2 BY 037858 (27 38-51)

UNCLASSIFIED pt 4 C 09500 89

18 MARCH 1985

I HEREBY ACKNOWLEDGE RECEIPT OF $50,000.00 FROM [redacted] CIA OFFICER IN SU[illegible] OF A JOINT SENSITIVE OPERATION. SAID AMOUNT WILL BE ACCOUNTED FOR IN FULL UPON COMPLETION OF APPROVED ACTIVITY.

[redacted]

4705

1/29/88

UNCLASSIFIED

C I A

CIN [redacted] 3911

June 87
HSC&SSC

12-23

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

23-28

1 page C 09259

Chapter 23 FN #28

DENIED IN TOTAL

4706

UNCLASSIFIED

Chapter 23 FN#30:32
C 09282

UNCLASSIFIED

23-30 to 32

C

15 May 1985

MEMORANDUM FOR THE RECORD

SUBJECT: [redacted] Operation

1. Abe Azzam telephoned this date to advise that he had contacted the DEA source [redacted]. The message passed was as follows: Family and old friends could not determine whether the "proof" was valid. However, interest had been piqued and there was a request for answers to one or more of five additional questions which would be passed to the DEA source by his handler. (The questions suggested by [redacted] — CIA OFFICER [redacted], have been cabled to the DEA [redacted] Azzam commented that the source initially seemed somewhat reluctant to return and ask for more proof, but said he would do so.

[redacted]

(4707)

[redacted]

cc: DDO (eyes only)
AC/NE (eyes only)
NE/[redacted] (eyes only)

1/29/88

UNCLASSIFIED

CL BY [redacted]
DECL OADR
DERIVED FROM [illegible] 4-82
ALL SECRET

CIIN 3899

1 June 82

UNCLASSIFIED

C 09283 10
14 May 85

MEMORANDUM FOR THE RECORD

[redacted] I4 MA[redacted]85, DEA agents Abe AZZAM and [redacted] met [redacted] to discuss the latest trip of the DEA agent [redacted] to [redacted] from which had he returned with alleged bona fides of contact with the group holding Buckley.

[redacted]

THIRD AGENCY DEA

4708

under pro[illegible] E.O. [illegible]
by [illegible] National Security C[illegible]

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

UNCLASSIFIED

[redacted]

REVIEWED FOR RELEASE
Date 1 June 87
NSC/ISS C

CIIN 3900

THIRD AGENCY- DEA

[redacted]

[redacted] In order not to have too much delay, it was agreed that Azzam would contact [redacted] and pass the message that the evidence was insufficient,

[redacted]

UNCLASSIFIED

6. On 15 May, Azzam reported that [redacted]

THIRD AGENCY- DEA

UNCLASSIFIED

CIIN 3900

Date 1 June 87

HSC/SSC

Chapter 23. FN # 36 & 37

23-36+37

UNCLASSIFIED 22 MAY '85 0 1854

0830 Mtg. Dan, Al Kamenitz [redacted] Jim Michel, ?

Notes for Ken:

- Senate version: 28M, restricted in H(c)
- House version: long on something wording & already restricted lang.
  - Lang. has been cleared w/

Hal Eames/ Harry Kopp/

1830 - Mtg w/ [redacted]

- at an impasse
- insist that Buckley
- afraid of leak
- Final pos'n: $200K for bonafides

2 people = $1.5M in Swiss bank
500K in cash

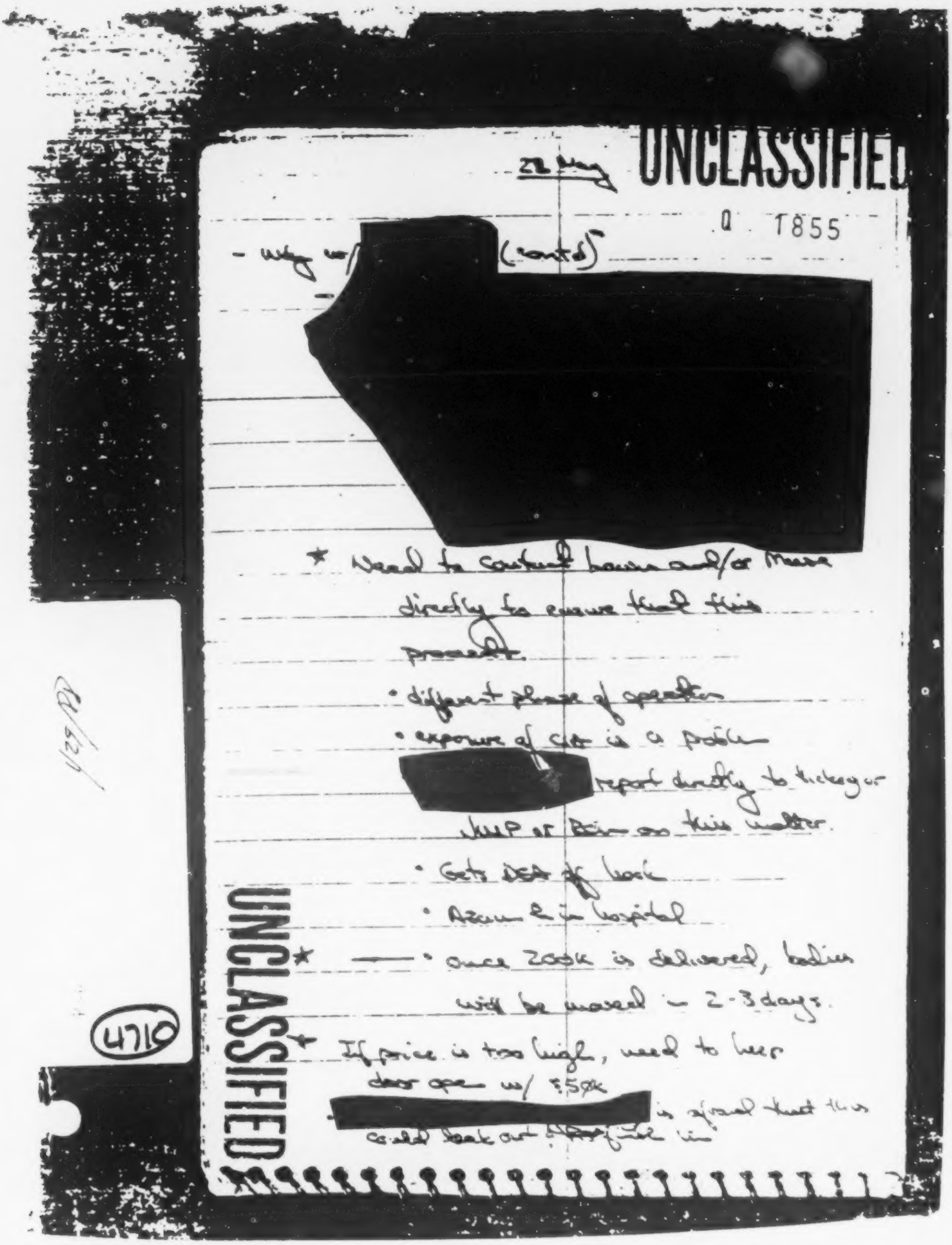
2 remaining later

[redacted]

1/28/87

(4709)

UNCLASSIFIED



22 May

UNCLASSIFIED

Q 1855

- mtg w/ [redacted] (contd)

[redacted]

* Need to contact Louis and/or Mara directly to ensure that this proceeds.

- different phase of operation
- exposure of CIA is a problem

[redacted] report directly to Hickey or JMP or Bim on this matter.

- Gets DEA off back
- Azam 2 in hospital

* — • once 200K is delivered, bodies will be moved in 2-3 days.

* If price is too high, need to keep door open w/ $50k

- [redacted] is afraid that this could leak out [illegible] in

UNCLASSIFIED

1/29/88

(4710)

UNCLASSIFIED

22 MAY

Mtg w/ [redacted] (cont'd) 0 1856

- guy working w/ us in

[redacted]

[redacted]

- Doug O [redacted]

1/29/88

4711

UNCLASSIFIED

23-53

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23 FN# 54

23-54

UNCLASSIFIED

6 June 0 1895

123φ - Mtg w [redacted]

[redacted] died

1/29/95

4712

UNCLASSIFIED

23-59+63
+65

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23 FN # 66

UNCLASSIFIED

F B 002889

23-66

May 7, 1987

MEMORANDUM TO: The Director

FROM: Oliver B. Revell
Executive Assistant Director
Investigations

SUBJECT: DEA ASSISTANCE PROVIDED TO THE NATIONAL SECURITY COUNCIL STAFF IN REGARD TO THE HOSTAGES IN LEBANON

This is to confirm information orally provided to you on 4/29/87.

While accompanying the Attorney General on a trip to Brussels, Belgium, to attend meetings [redacted] Mr. Charles Allen, the National Intelligence Officer for Counterterrorism, advised me that he wanted to discuss a sensitive issue in regard to the hostage situation.

Mr. Allen advised that he had recently been interviewed by Mr. Arthur L. Liman, Chief Counsel for the Senate Select Committee on the Iran Contra matter. Mr. Liman showed Allen an action paper from Lt. Col. Oliver North to Assistant to the President for National Security Affairs Bud McFarland concerning the use of DEA Agents to effect the release of hostages held in Lebanon. Mr. Allen indicated that the memorandum was dated in either June or July 1985. He further advised that the memorandum indicated that DEA Administrator Jack Lawn had seconded two DEA Agents [redacted] and [redacted] to Oliver North for assistance to the National Security Council (NSC) on hostage issues. Mr. Allen also indicated that these Agents had traveled overseas on behalf of the NSC at North's direction and had allegedly expended approximately $60,000 in DEA funds on behalf of the NSC.

1-Mr. Revell (Original notes attached)
1-Mr. Baker
1-Mr. Clarke
OBR:kvw (5)

(4713)

UNCLASSIFIED

Memorandum to The Director

Mr. Allen inquired as to whether or not the FBI, specifically you or I, were aware of this situation and he further indicated he had not been aware of the seconding of DEA Agents to Col. North until this matter was raised with him by Mr. Liman.

I advised Mr. Allen I was totally unaware of any such information and that I was certain you were as well. I told Allen that we were both aware that [redacted] but that neither of us to my knowledge had any information concerning DEA Agents traveling overseas on behalf of the NSC or being seconded to the NSC under North's direction.

Upon my return from Brussels, I orally briefed you concerning this information at which time you confirmed to me that you were unaware of DEA Agents being used in any capacity to assist Col. North. Thereafter you placed a telephone call to Mr. Jack Lawn, Administrator of DEA; however, he was not immediately available and you were not able to contact him during our discussion.

UNCLASSIFIED

ROUTING			
TO	NAME AND ADDRESS	DATE	INITIALS
1	LTC Oliver North		
2	NSC		
3			
4			

	ACTION		DIRECT REPLY		PREPARE REPLY
	APPROVAL		DISPATCH		RECOMMENDATION
	COMMENT		FILE		RETURN
	CONCURRENCE		INFORMATION		SIGNATURE

REMARKS

FROM: NAME, ADDRESS, AND PHONE NO.	DATE
DCI/HLTF	

Chap I
TN - 70
72

UNCLASSIFIED
(Security Classification)

N 7435
24 APR 85

CONTROL NO. 1 of 1

NOT THRU REGISTRIES

23-70+72

Handle Via
UNCLASSIFIED
Channels

Access to this document will be restricted to those approved for the following specific activities:

[redacted]

eased on 1/27/88
E.O. 12356
Security Council

4714

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

BKD/FBI
N5-152
12-22-86

UNCLASSIFIED
(Security Classification)

[illegible] [redacted]

UNCLASSIFIED

Central Intelligence Agency

Washington D.C. 20505

24 April 1986

MEMORANDUM FOR: LTC Oliver North
National Security Council

N 7436

FROM: Major [redacted]
DCI/HLTF

SUBJECT: Options to Secure the Release of US Hostages

[redacted]

The back channel initiative with Iran could well result in the release of the hostages. Iran has substantial influence over the captors and probably could effect a release of American hostages if Ayatollah Khomeini intervened directly to give his approval, even though Iranian influence over the hostages diminished [redacted] The United States would be obliged to make concessions to Iran. Iran is very interested in acquiring crucial military equipment and spare parts to support their current operations against Iraq. [redacted]

1/29/88 -
E.O. 12356
Security Council

UNCLASSIFIED

SECRET/SENSITIVE [redacted]

(4714)

One drawback to this initiative is that either the Iranian Government or one of the factions within the Government might publicly expose any US concessions to Iran simply to embarrass the present Administration. [redacted]

[redacted]

Major, US Army

UNCLASSIFIED

4 pages
N-7438 thru N-7441

DENIED IN
TOTAL

UNCLASSIFIED

Chapt: 23 FN#8

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

23-82a

June 11, 1986

Dear Ross:

N 4247

I have been briefed on your effort over the past several weeks on behalf of our Americans abducted in Beirut. On behalf of the American people, I want to thank you for your discreet assistance in this regard. My hope is that we may yet succeed in reuniting these men with their families and loved ones. Thanks again and God bless you.

Sincerely,

Ron

Mr. H. R. Perot
[redacted]

THE WHITE HOUSE

UNCLASSIFIED

Mr. H. R. Perot
[redacted]

4715

UNCLASSIFIED

Chapter 23 FN# 98

J 9009

23-98

3 Dec 86

8^{10} am

8^{25} – 8^{35}

8^{10} group + Webster
re: Iranian matter

ck Perot answer —

— AG "know" or "authorized"

(4716)

UNCLASSIFIED

[illegible] 22 [illegible] 113 N 2927

~~SECRET~~ UNCLASSIFIED

Non-Log

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

23-113

September 15, 1986

~~TOP SECRET~~

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Follow-on Meeting with Amiram Nir

You are scheduled to meet with Ami Nir again this afternoon at 1:30 p.m. for 10 minutes. Purpose of this meeting is to debrief Nir on his meetings with Peres over the weekend. [redacted] Issues, which Prime Minister Peres may raise privately with the President, are outlined at Tab III. Nir notes that it is unlikely that Peres will discuss any of these with anyone else in the room.

RECOMMENDATIONS

1. That you privately discuss the papers at Tabs I and II with Director Casey and indicate next steps after the conversation.

Approve J Disapprove ____ See note on Tab II. Discuss [illegible] to Casey

2. That you brief the President on the initiatives outlined at Tab III.

Approve J Disapprove ____

Done

Attachments [redacted]
Tab I
Tab II
Tab III - Possible Peres Discussion Items with the President

Partially Declassified/Released on 6 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1506

~~SECRET~~ UNCLASSIFIED

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

3-pages deleted in their entirety

UNCLASSIFIED

~~TOP SECRET~~ ~~TOP SECRET~~ UNCLASSIFIED September 15, 1986

POSSIBLE PERES DISCUSSION ITEMS WITH THE PRESIDENT

Amiram Nir, the Special Assistant to Prime Minister Peres on Counter-Terrorism, has indicated that during the 15 minute private discussion with the President, Peres is likely to raise several sensitive issues:

-- [redacted]

-- **Hostages:** Several weeks ago, Peres expressed concern that the U.S. may be contemplating termination of current efforts with Iran. The Israelis view the hostage issue as a "hurdle" which must be crossed enroute to a broadened strategic relationship with the Iranian government. It is likely that Peres will seek assurances that the U.S. will indeed continue with the current "joint initiative" and ensure that we will include the two missing Israelis in the process. In that neither Weir nor Jenco would be free today without Israeli help (particularly in logistics), it would be helpful if the President would simply thank Peres for their discrete assistance.

• Thanks for assistance on Weir & Jenco
• Will continue to work hand with you.
Include 2 missing Israelis in it

-- [redacted]

~~TOP~~ SECRET
Declassify: OADR

~~TOP SECRET~~ UNCLASSIFIED

Chapter 23 23-115

UNCLASSIFIED

19 Nov 1319

[redacted]

– 1

1005 – Call from Clarridge

– [redacted] has an [redacted]

1015 – Adm Wik

[redacted] T.H. 1

– Long term operation

> [redacted] T.H. 2

– [illegible] funds

> [redacted] coming next week

UNCLASSIFIED

1/27/88

4717

To: NSJMP --CPUA

UNCLASSIFIED

*** Reply to note of 05/31/86 10:21
NOTE FROM: TRIP XXXX
Subject: HOSTAGES

Fully agree that if the current effort fails to achieve release then such a mission should be considered. You will recall that we have not had much succes with this kind of endeavor in the past, however. [redacted] Copp undertook to see what could be done thru one of the earlier contacts. Dick has been working with Nir on this [redacted] Dick rates the possibility of success on this operation as 30%, but that's better than nothing.

In regard to U.S. military rescue ops, JCS has steadfastly refused to go beyond the initial thinking stage unless we can develop some hard intelligence as their whereabouts. We already have

If we really are serious, we should start by getting CIA to put a full time analyst on the HLTF and then organizing a planning cell- preferably not in the pentagon, but at CIA, to put the operation together. Dick, who has been in Beirut, and who organized the second Iran mission, is convinced that such an operation could indeed be conducted. My concern in this regard is that JCS wd insist on using most of the in such an undertaking. If you want me to task this thru the OSG we will do so, but urge that we start by you having Casey staff the HLTF as

N 12543

950

partial message

(467)

[illegible] 5/6/87
[illegible] E.O. 12356
[illegible] National Security Council

JMP 7/26

[redacted]

23-116

UNCLASSIFIED [redacted]

UNCLASSIFIED

23-118

PAPER 23 . # 118

[illegible]

DENIED IN
TOTAL

4971

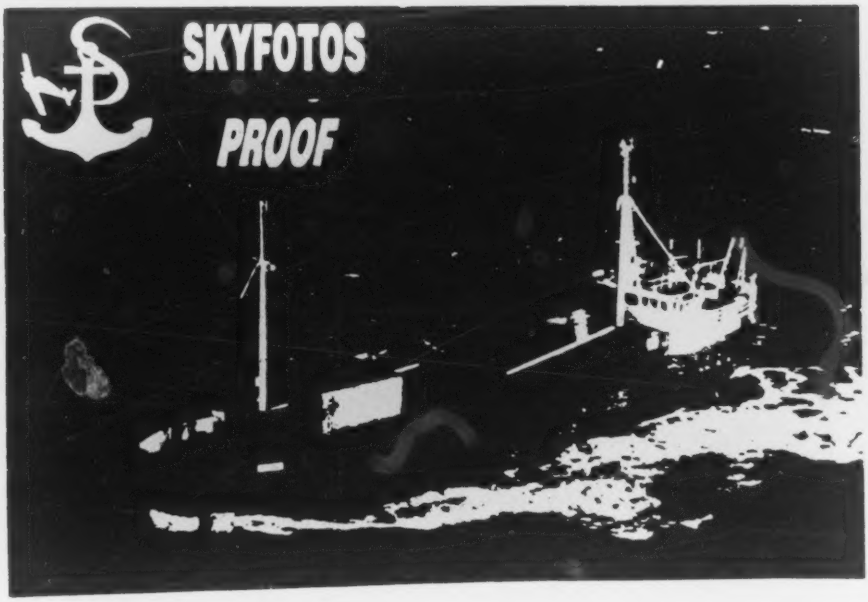
UNCLASSIFIED

EXHIBIT
ER 0033

23/121

23-121

4411


SKYFOTOS
PROOF

UNCLASSIFIED

23-122

CLASSIFIED AT TIME OF PUBLICATION.

Chapter 23 FN# 126

UNCLASSIFIED

23-126

ER 000

Techical equipment M/V "ERRIA"

Specification

POS. 1	3.643 CASES	G.W.	109.290,-Kgs.
POS. 2	100 CASES	G.W.	4.800,-Kgs.
POS. 3	500 CASES	G.W.	16.500,-Kgs.
POS. 4	63 CASES	G.W.	1.764,-Kgs.
POS. 5	4 CASES	G.W.	300,-Kgs.
POS. 6	117 CASES	G.W.	6.346,-Kgs.
POS. 7	300 CASES	G.W.	29.040,-Kgs.
POS. 8	3 CASES	G.W.	255,-Kgs.
POS. 9	18 CASES	G.W.	1.503,-Kgs.
POS.10	2 CASES	G.W.	207,-Kgs.
POS.11	3 CASES	G.W.	75,-Kgs.
POS.12	11 CASES	G.W.	413,-Kgs.
POS.22	357 CASES	G.W.	10.710,-Kgs.
	5.121		181.203,

1/29/8

UNCLASSIFIED

(4718)

LINER BILL OF LADING

Reference No

B/L No 2

UNCLASSIFIED

ER 000

Shipper
DEFEX - PORTUGAL
REPPRESENTAÇÕES, IMPORTAÇÃO, EXPORTAÇÃO, LDA
LISBOA / PORTUGAL

Consignee
[redacted]

Notify address

Pre-carriage by*

Place of receipt by pre-carrier*

Vessel
"ERRIA"

Port of loading
SETUBAL

Port of discharge
[redacted]

Place of delivery by on-carrier*

COPY NOT NEGOTIABLE

Marks and Nos.	Number and kind of packages; description of goods	Gross weight Kilos	Measurement
NO MARKS NO NUMBERS	5.121 PCKS. AMMUNITIONS + GUNS	181.203,-	

1/29/88

4719

Particulars furnished by the Merchant

Freight details, charges etc.

Daily demurrage rate (additional Clause A)

SHIPPED on board in apparent good order and condition, weight, measure, marks, numbers, quality, contents and value unknown, for carriage to the Port of Discharge or so near thereunto as the Vessel may safely get and lie always afloat, to be delivered in the like good order and condition at the aforesaid Port unto Consignees or their Assigns, they paying freight as indicated to the left plus other charges incurred in accordance with the provisions contained in this Bill of Lading. In accepting this Bill of Lading the Merchant expressly accepts and agrees to all its stipulations on both pages, whether written, printed, stamped or otherwise incorporated, as fully as if they were all signed by the Merchant.
One original Bill of Lading must be surrendered duly endorsed in exchange for the goods or delivery order.
IN WITNESS whereof the Master of the said Vessel has signed the number of original Bills of Lading stated below, all of this tenor and date, one of which being accomplished, the others to stand void.

E. The transport mentioned in this B/L is also subject to clauses of Owners Bills of Lading.

F. O contrato de transporte definido pelo presente conhecimento de carga rege-se pelo Decreto-Lei n.º 37.748 de 1 de Fevereiro de 1950 e pelas disposições da Convenção de Bruxelas de 25 de Agosto de 1924 por aquele Decreto-Lei integradas no Direito Português.

G. Este conhecimento não é válido para despachar na Alfândega sem ser validado pela Agência do navio.

Freight payable at

Place and date of issue

Number of original Bs/L

Signature

MARSTAL

UNCLASSIFIED 23 : 11 # 127

EXHIBIT

Memorandum of Agreement

Norwegian Shipbrokers' Association's Memorandum of Agreement for sale and purchase of ships. Adopted by The Baltic and International Maritime Conference.
Code-name »SALEFORM«
»Lov-oss« 1956 Revised 1966

ER 0013

Arne Herup
Gasværksvej 15, 6960 Marstal Dated: Copenhagen, 28/4/86.
Denmark

hereinafter called the Sellers, have today sold, and
Messrs Dolmy, Business Inc., a conperation organnized, existing and in good standing under the laws of the Republic of Panama.

hereinafter called the Buyers, have today bought M/V " ERRIA " 23-127
Class: Bureau Veritas
Built: 1973
Register Tonnage: Grosstonnage: 299,99 Net tonnage: 162,04
with everything belonging to her, on board and on shore, (see § 7), on the following conditions:

§ 1. Price: Dkr. 2.500.000,- including the deposit provided in par. 2 below, in balance to Sydfyns Disconto bank, Bredgade 32, Denmark, to be paid upon delivery of vessel and acceptance by the buyer.

§ 2. As a security for the correct fulfilment of this contract, the Buyers shall pay a deposit of 10% — ten per cent — of the Purchase Money on signing this contract. This amount shall be deposited with
Sydfyns Discontobank
Bredgade 32 - Denmark
and held by them in a joint account for the Sellers and the Buyers. Interest, if any, to be for Buyers' account. Any fee charged for holding said deposit, shall be borne equally by the Sellers and the Buyers.

§ 3. The said Purchase Money shall be paid in as per Par. 1. above on delivery of the vessel, but not later than 3 days (Sundays & Holidays excepted) after the vessel is ready for delivery and written notice hereof has been given to the Buyers by the Sellers.

§ 4. The Sellers ~~shall provide~~ has provided for inspection of the vessel ~~at~~ in Marstal, Denmark, which vessel is now under repair.
and the Buyers ~~shall undertake the~~ have undertaken an inspection ~~without undue delay~~ of the vessel. when the repair is completed.
The vessel shall be delivered and taken over at Marstal, Denmark subject to a final inspection and acceptance by the buyer.
Should the vessel become a total or constructive total loss before delivery, this contract shall be considered null and void and the deposit immediately released to the Buyers.

§ 5. The Buyers ~~shall inspect~~ has inspected the vessel afloat without any opening up and without cost to the vessel. During the inspection the vessel's log books for engine and deck ~~shall be made~~ have been made available for Buyers' examination. ~~If the vessel is accepted after such inspection, the purchase shall become definite, provided the Sellers have received written notice thereof within 48 hours after completion of such inspection.~~

~~Should the vessel be refused, the contract shall be considered null and void and the deposit immediately released to the Buyers.~~

RA

1/29/88

UNCLASSIFIED

4720

UNCLASSIFIED

§ 6. For inspection of bottom and other underwater part(s), the Sellers ~~shall~~ placed ~~place~~ the vessel in drydock at the port of delivery. If rudder, propeller, bottom or other underwater part(s) be found broken, damaged or defective, so as to affect the vessel's clean certificate of class, same shall be made good at the Sellers' expense ~~to~~*)

ER 0014

~~satisfaction without qualification on such underwater part(s).~~

Whilst the vessel is in drydock, ~~and if required by the Buyers or the representatives of the Classification Society,~~ the Sellers ~~shall arrange~~ have arranged to have the tail-end shaft drawn. ~~Should same be condemned or found defective so as to affect the vessel's clean certificate of class, it shall be renewed or made good~~ at Sellers' expense to the Classification Society's satisfaction without qualification on such underwater part(s).

~~The expenses of drawing and replacing the tail-end shaft shall be borne by the Buyers unless the Classification Society requires the tail-end shaft to be drawn (whether damaged or not), renewed or made good in which event the Sellers shall pay these expenses.~~

The expenses in connection with putting the vessel in and taking her out of drydock, including drydock dues and the Classification Surveyor's fees shall be paid by the Sellers if rudder, propeller, bottom, other underwater part(s) or the tail-end shaft be found broken, damaged or defective as aforesaid or if the Classification Society requires the tail-end shaft to be drawn (whether damaged or not). ~~In all other cases the Buyers shall pay the aforesaid expenses, dues and fees.~~

The Sellers shall at their own expense bring the vessel to the drydock and from the drydock to the place of delivery.

§ 7. Unless otherwise agreed the Buyers shall take over and pay the current market price at the port of delivery for provisions, remaining bunkers, unused oil ~~and unused stores~~. All spare parts and spare equipment including spare tail-end shaft(s) and/or spare propeller(s), if any, belonging to the vessel at the time of inspection, used or unused whether on board or not shall become the Buyers' property. Forwarding charges, if any, shall be for the Buyers' account. The Sellers, however, are not required to replace spare parts including spare tail-end shaft(s) and spare propeller(s) which have been taken out of spare and used as replacement prior to delivery.

* see §16.

~~The Sellers have the right to take ashore crockery, plate, cutlery, linen and other articles bearing the Sellers' flag or name, provided they substitute same with an adequate number of similar unmarked items. Library, forms, etc., exclusively for use in Sellers' vessels, shall be excluded without compensation.~~

Payment under this clause shall be made in the same currency as the Purchase Money.

§ 8. In exchange for payment of the Purchase Money the Sellers shall furnish the Buyers with legal Bill of Sale of the said vessel free from all encumbrances and maritime liens, duly notarially attested and legalised by the Panamanian consul together with a certificate stating that the vessel is free from registered encumbrances. On delivery of the vessel the Sellers shall provide for the deletion of the

UNCLASSIFIED

vessel from the Ships' Register and deliver a certificate of deletion to the Buyers

The deposit shall be placed at the disposal of the Sellers as well as the balance of the Purchase Money, which shall be paid as agreed together with payment for items mentioned in § 7. , except as previded for below par. 18. Ecurrent 0015

The Sellers shall, at the time of delivery, hand to the Buyers all classification certificates (for hull, engines, anchors, chains, etc.), as well as all plans which may be in Sellers' possession. The same applies to log books, unless otherwise agreed.

§ 9. The Sellers guarantee that the vessel, at the time of delivery, is free from all encumbrances and maritime liens or any other debts whatsoever. Should any claims, which have been incurred prior to the time of delivery be made against the vessel, the Sellers hereby undertake to indemnify the Buyers against all consequences of such claims. Any taxes, notarial and/or consular and/or other charges and/or expenses connected with the purchase and registration under Buyers' flag, shall be for Buyers' account. Any taxes, notarial and/or consular and/or other charges and/or expenses connected with closing of the Sellers' register, shall be for Sellers' account.

§ 10. The Wireless Installation ~~and~~ and all navigational equipment including radar. Nautical Instruments shall be included in the sale without any extra payment, ~~if same is the property of the Sellers~~

§ 11. The vessel with everything belonging to her shall be at Sellers' risk and expense until she is delivered to the Buyers, but subject to the conditions of this contract, the vessel with everything belonging to her shall be delivered and taken over as she is at the time of delivery, after which the Sellers shall have no responsibility for possible faults or deficiencies of any description.

§ 12. The Buyers undertake to change the name of the vessel and alter funnel markings before trading the vessel under new Ownership.

§ 13. Should the Purchase Money not be paid as aforesaid, the Sellers have the right to cancel this contract, in which case the amount deposited shall be forfeited to the Sellers. If the deposit does not cover the Sellers' loss, they shall be entitled to claim further compensation for any loss and for all expenses together with interest at the rate of 5% per annum.

~~Should the Buyers unduly delay the inspection of the vessel, they shall compensate the Sellers for any loss thereby incurred.~~

§ 14. If default is made by the Sellers in the execution of a legal transfer or in delivery of the vessel with everything belonging to her in the manner and within the time herein specified, and the default shall have arisen from events for which the Sellers are responsible, the Buyers shall have the right to cancel this contract and the deposit in full shall be returned to the Buyers together with interest thereon at the rate of 5% per annum. The Sellers shall, in addition, make due compensation for any loss caused to the Buyers by non-fulfilment of this contract.

§ 15. If any dispute should arise in connection with the interpretation and fulfilment of this contract, same shall be decided by arbitration in

---

*) The name of the Classification Society to be inserted.

**) Notes, if any, in the Surveyor's report which are accepted by the Classification Society without qualification are not to be taken into account.

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

the city of London according to English law.

and shall be referred to a single Arbitrator to be appointed by the parties hereto. If the parties cannot agree upon the appointment of the single Arbitrator, FR 00[illegible]6 the dispute shall be settled by three Arbitrators, each party appointing one Arbitrator, the third being appointed by the London Maretime Arbitrators association ~~The Baltic and International Maritime Conference~~ in London ~~Copenhagen~~. If either of the appointed Arbitrators refuses or is incapable of acting, the party who appointed him, shall appoint a new Arbitrator in his place.

If one party fails to appoint an Arbitrator — either originally or by way of substitution — for two weeks after the other party having appointed his Arbitrator, has sent the party making default notice by mail, cable or telex to make the appointment, The London Maretime Arbitrators association ~~Baltic and International Maritime Conference~~ shall, after application from the party having appointed his Arbitrator, also appoint an Arbitrator on behalf of the party making default.

The award rendered by the Arbitration Court shall be final and binding upon the parties and may if necessary be enforced by the Court or any other competent authority in the same manner as a judgment in the Court of Justice.

r. 16: The provisions, bunkers, luboil, which seprately are to be paid for are as follows :

1 televisions	Philips 24" colour	Price	Dcr.	5.000,-
1 video	Philips VHS	"	-	5.000,-
50 tons gasoil		"	-	92.925,-
300 litres luboil		"	-	3.633,-
500 litres paint á Dcr. 20,-		"	-	10.000,-
In total			Dcr.	116.558,-

The vessel shall be delivered on an "as is, where is" basis with all class and trading certificates as they are onboard the vessel.

Sole distributor in England Messrs. S Straker & Sons Ltd London
Printed and sold by Halvorsen & Larsen A s Oslo

UNCLASSIFIED

UNCLASSIFIED

Par. 17. The seller represents and warrants to the buyer that at the signing of this memorandum of agreement there exists only one lien against the vessel, namely a first lien in favour of MARSTAL SPAREKASSE, to secure a loan made by said MARSTAL SPAREKASSE to seller in the approximate amount of One Million Kroner, which amount he undertakes not to increase, and that there are no other liens or encumbrances standing against the vessel, whether recorded or not, whether within Denmark or without, and whether for funds borrowed, provisions and supplies purchased for use on the vessel, repairs to the vessel, for sailors or seamen engaged on the vessel, for port charges, docking fees, or for any other cause or reason whatsoever.

Par. 18. The seller represents and warrants that he shall execute contemporaneously with the execution of this memorandum of understanding an irrevocable letter of instructions to the Sydfyns Discontobank with respect to the account to which the purchase price is to be paid by the buyer, providing as follows :

a) That funds shall be withdrawn from said account only by the joint signatures of ~~Peter Schaumburg-Müller~~, attorny for the seller and ~~Ole Stahe~~, attorny for the buyer, until the debt, together with interest and all bank charges pertaining thereto, shall be paid by them to MARSTAL SPAREKASSE, they shall have obtained from Marstal Sparekasse a release or satisfaction or the lien on the vessel, and they shall have recorded said release or satisfaction in the ship's Register of Denmark (Skibs registeret).

b) That an amount necessary to pay the fees to strike the registration of the vessel from the'Skibs registeret'shall be paid or reserved for payment by the two above said attorneys.

c) That upon the provisions above having been complied with, the signature power on said account of the two attorneys shall be renounced by them and shall be that or the seller or his designee.

Par. 19. Delivery of the vessel in sea-worthy condition by the seller to the buyer shall be made not later than noon on 10th May 1986. Time is of the essence in this agreement, and failure by the seller to so deliver shall give the right to the buyer to terminate its obligation to purchase the vessel and to recover its deposit. Not-with-standing the foregoing, the buyer shall have the right to waive its right to terminate in the event of late delivery and it may, at its sole option, extend the date for delivery at any time, and from time to time, and any such waiver made by the buyer shall not be deemed to deny to the buyer the right to terminate its obligation to purchase upon any extended delivery date or dates. Any such waiver by the buyer shall be in a writing signed by the buyer or by a telex sent by it to seller or his representative.

Par. 20. The seller, through its agent, has represented the buyer that sales of comparable vessels (to wit the M.V. "RAAGØ" and M.V. "HANS BOYE ") were made for the respective amounts of US$. 295.000 and Dcr. 3.475.000 , and he undertakes to furnish to buyer evidence, in form satisfactory to buyer, corroborating said sales prices.

Par. 21. The parties represent to each other that the only broker in this transaction is S.A. Chartering Aps, that the seller agrees to pay its fee, and that each will hold the other harmless from the claim of any broker and agent, who claims any commission or compensation in connection with this transaction.

Par. 22. Each party agrees that he or it will pay his own attorney's fees.

COPENHAGEN APRIL 28, 1986

THE SELLER

The Buyer

UNCLASSIFIED

EXHIBIT

Forevist i Skibsregistret
d. 5/5 1986 ad dagbogsnr.:

UNCLASSIFIED

ER 0013

BILL OF SALE
PANAMA

Official Number (or Provisional Navigation Licence Number): D. 2141
Name of Ship " ERRIA " (ex" VERALIL ")
No. Date and Port of prior Registry 1973 - Esbjerg
Type of Ship (Sailing, Steam or Motor): Motorvessel
Horse Power of Engines, if any 600 BHP
Length: 152' Breadth: 27'2'' Depth: 16'1''
Title recorded in Panama (for the event that the vessel is already registered in Panama):
Volume: ______, Folio: ______, Entry No.: ______
on ____ th ______, 197__, of the Mercantile Section of the Public Registry of the City of Panama, Republic of Panama.
Tonnage: Gross: 299,99
Net/Registered 162,04

and as described in more detail in the Certificate of the Surveyors and the Register Book.

We, (a) Captain Arne Herup
(hereinafter called "the Vendors") having our principal place of business at (b) Gasvaerksvej 15, DK-6960 MARSTAL
in consideration of the sum of DKR: 2.500.000,00
paid to us by (c) Messrs. Dolmy Buisness Inc.
of (d) Panama
(hereinafter called "the Purchaser") the receipt whereof is hereby acknowledged, transfer our whole title to, and interest in, the ship above particularly described, and in the boats, tackle and other appurtenances belonging to the said ship, to the Purchasers. Further we, the Vendors, for ourselves and our successors covenant with the Purchasers and its assigns that we have the power to transfer the said Ship and title thereto in the manner aforesaid and that the same is free from incumbrances.

In witness whereof we have hereto affixed our corporate seal/signature this 28 day of APRIL one thousand nine hundred and ~~seventy~~ 86.

By:

(e) Capt.
(Title of signatory)

ACCEPTANCE OF SALE

The Undersigned, (f) ALBERT HAKIM, on behalf, of and representing the Purchasers named in the annexed Bill of Sale, in my position as (g) legal representative of the said Purchasers, hereby accept* for all legal purposes, the sale and transfer effected by the said Bill of Sale to this Corporation by (a) Captain A. Herup, of the vessel " Erria " (to be renamed " Same ") referred to in the said Bill of Sale.

Dated the 29th day of April, 1986.

* AS PER TERMS AND CONDITIONS
OF SALES AGREEMENTS DATED 28-4-86

UNCLASSIFIED

ER 0019

UNCLASSIFIED

This is to certify that

Mr. ARNE HERUP and
Mr. ALBERT HÅKIM,

whose identity was proved to me in my presence have signed this document.
In testimony whereof I have hereunto signed my name and affixed the seal of my office.

Notariate of Copenhagen, Denmark, April, the 29.th. 1986.

Fees: 150,- cr.

Notary public of Copenhagen

G. KORSNER
NOTAR

El Infrascrito Cónsul de Panama en
Copenhague, Dinamarca,
CERTIFICA:

Que la firma que precede de G. Korsner
quien ejerce el cargo de notario público
en Copenhague
Dinamarca, es auténtica.
Copenhague, 02 MAJ 1986

p.p. Cónsul Klaus Lembcke
Lise Penter
KLAUS LEMBCKE
Cónsul
LISE PENTER
Secretaria

Ar. 60. Derechos: B/10.00
Cambio: B/1.00 = CD 9,-
Recibo No. 353/95 P

COPENHAGUE

DANMARK
05.5.86 1 3 3 0 5 · 10000
STEMPELAFGIFT
SKIBSREGISTRET

UNCLASSIFIED

Not.K.J.Nr. 3467/86

23 #128

SECRET 23-128

DD/O86-0414/2

MTGS-02

SUBJECT: Item for Discussion at DCI Meeting with Assistant to the President for National Security Affairs Poindexter on 15 May 1986

1. [redacted]

operation unrelated to Iran-contra investigation

2. [redacted]

3. We have examined and rejected the possibility of using a privately owned Danish flag ship, the ERRIA, which was proposed by a member of the NSC staff. This ship is not a viable option for technical reasons and because former Agency officer Tom Clines is involved in the ownership.

E-O ~~122624~~

(4721)

CIIN 3888

WARNING NOTICE
INTELLIGENCE SOURCES
OR METHODS INVOLVED

SECRET

15

[redacted]

UNCLASSIFIED ~~TOP SECRET~~ [redacted]

NATIONAL SECURITY COUNCIL
WASHINGTON D.C. 20506

11005

~~TOP SECRET~~/[redacted]/SENSITIVE

23-129

INFORMATION

May 14, 1986

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: VINCENT M. CANNISTRARO

SUBJECT: Agenda for Your Weekly Meeting With the DCI, Thursday, May 15, 1986

You are scheduled to meet with Director Casey and Deputy Director Gates in your office at 5:00 p.m. on Thursday, May 8, 1986. The following items are on the agenda, according to the DCI's staff:

[redacted]

~~TOP SECRET~~/[redacted]/SENSITIVE
Declassify on: OADR

UNCLASSIFIED N 43471

1192

~~TOP SECRET~~ [redacted]

UNCLASSIFIED

[redacted]

-- Status of Ollie's Ship. Ollie has offered the use of a Danish vessel for [redacted] He first offered CIA a six month lease. CIA told me that they thought it was too expensive, and the cost and time involved in refitting the vessel for a [redacted] mission made the alternative option of outfitting a CIA owned vessel more attractive. Ollie then offered to take [redacted] from his vessel, using his own resources. [redacted] has told me that because of the alleged involvement of one Tom Clines (who was involved in Wilson and Terpil era), CIA will have nothing to do with the ship. Frankly, I can't tell whether this is just a convenient reason not to do what CIA was opposed to doing in the first place, or whether the concern about Cline is legitimate. In any event, Casey has a briefing paper on this which he will use if the subject is raised.

You may wish to raise the following item:

[redacted]

UNCLASSIFIED

~~TOP SECRET~~ [redacted]

UNCLASSIFIED

Attachment 2

ER 0023

EXHIBIT

PANAMA
DIARIO OFICIAL DE NAVEGACION
OFFICIAL LOG BOOK
2546

República de Panamá
Ministerio de Hacienda y Tesoro
Dirección General Consular y de Naves,
P.O.Box 5245,
Panamá 5,
República de Panamá.
Tel: 271166 PANAMA
Tlx: 2537 SECNAVES

Buque (vessel) Erkin.

Del(from) 9/5/1986 al(to) / /19

Cubre Viajes Nos.(Covering Voyage Numbers)

UNCLASSIFIED

UNCLASSIFIED

Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

Fecha Date	Posición al Mediodia Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar	Mar de Leva Swell			
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force	Sea cond	Dirección Dir	Altura Height	Master	
10/5	54 37N	10'28 0	8.	SE.	4	1	SE	0		
11'	53'48N	06'55 0	8.	SV	4	4	SV	1/2		
12'	53'00N	04'10 0	7.	SSV.	4	4	SSV	1'		
13'	51 58N	02'32 0	7.	SV	5	5	SV	1		
14'	48 57N	04 56V	7.	SV	6	6	SV	1		
15'	46 25N	07 16W	8.	NW	3	3	NW	2		
16'	43 43N	09 17W	8.	SW.	3	3	SW	3		
17'	40'14N	09'47W	8.	SW	4.	4.	SW	4.		
18'	36'48N	08'27W	9	SV.	1	1	SW	1		
19'	36'07N	03'49W	10	E.	1	1	E	1		
20	36'08N	02'30 0	10	E.	1	1	E	1		
21'	37'10N	06 06 0	10.	E	2	2	E	1/2		
22'	37'13'	10'53 0	10	E.	2	2	E	1/4		
23'	36 18N	15'58	10	V.	2	2	V	1/4		
24'	35'00N	20'30 0	10	V.	1	1	V	0		
25'	34'55N	24 00 0	10	0	0	0	0	0		
26'	32 40N	27'38 0	9	NV	4	4	NV	0		
27'	32'10N	31'23 0	9	-	1	1	-	0		
28'	34 00N	34 00 0	9	NV	2	2	NV	0		
29'	LARNACA.		⚓	0	0	0	0	0		
30'	—		-							
31'	—		-							
1/6'	—		-							
2'	—		-							
3'	—									
4'	—									
5'	—		.							

UNCLASSIFIED

Se deberá hacer un asiento al mediodia de cada dia que el buque se encuentre en navegación.
An entry is to be made on every day the vessel is at sea at noon.

Seccion 3c. POSICIONES DEL BUQUE Y CONDICIONES METEOROLOGICAS 0025
Section 3c: AT SEA POSITIONS AND WEATHER

UNCLASSIFIED

Fecha Date	Posición al Mediodia Noon Position		Vel pro medio (24 hrs.) Av spd 24 hrs.	Vientos Wind		Cond. del Mar	Mar de Leva Swell		Master	
	Latitud Latitude N	Longitud Longitude		Dirección Dir	Fuerza Force	Sea cond.	Dirección Dir	Altura Height		
6	LARNACA		⚓	V	1	0	N	0		
6'	34°31 N	30°20E	9	V	1	1	V	1'		
7'	34°44 N	25°48E	9	E	1	1	E-	1		
8	35°10 N	21°18E	9	S	1	1	S	1		
9'	35°53	17°10E	8½	N	1	1	N	1		
10'	36°43	13 29E	9	NV	3	3	NV	1		
11	37 20	09 00	9	NV	4	4	NV	1		
12	CAGLIARI			[illegible]						
13	÷ CAGLIARI		16m	NV	4	4	NV	1		
14'	38 06	06 06'	9	NV	4	4	NV	1		
15'	37°21'	01°30'	9	NNV	2	2	NNV	1'		
16'	36 31	03°15'V	9	0	0	0	0	0		
17'	36°26	07 23V	9	-	-	-	-	-		
18	37°06	0901V	6	NV.	6	6	NV	3'		
19'	SETUBAL									
20'										
21										
22										
23										
24										
25'										
26	41/13°	09°25'	9	SØ	4	4	SØ	3		
27'	44°40	08°10V	2	SØ	2	2	SØ	1		
28'	48°00	05°36V	9	NØ	2	2	NØ	1		
29'	50°04	01°25V	9	NØ	3	3	NØ	1		
30'	51°50'	02°05Ø	9	NØ	3	3	NØ	1		
1'	54°05'	07 15Ø	9	NØ	3	3	NØ	1		

UNCLASSIFIED

Se debera hacer un asiento al mediodia de cada dia que el buque se encuentre en navegacion
An entry is to be made on every day the vessel is at sea at noon

Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

FR 002

UNCLASSIFIED

Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs) Av. spd 24 hrs	Vientos Wind		Cond. del Mar Sea cond	[illegible]		SIGNATURES	
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force		Dirección Dir	Altura Height	Capitán Master	Primer Oficial
2'	57°20	09°00'	9	NV	4	4	NV	1		
3'	+ COPENHAGEN:									
4'		—								
5'		—								
6'		—								
7'		—								
8		—								
9	÷ COPENHAGEN. 13^{35} TO STETIN.									
10'	+ STETIN (POLEN) 06^{15}									
11'	÷	÷				20^{00} TO SETUBAL				
12'	54°35	12°30E	9	NV	6	6	NV	6		
13'	PASIN THE KIEL CANAL.									
14'	53°32	04°46E	9	N	1	1	N	1		
15'	50 57	01°13	9	N	1	1	N	1		
16'	49°18	04 13	9	SV	1	1	SV	1		
17'	46 10	07 12	9	N	5	5	N	5		
18'	42 56	09 23	9	N.	6	6	N	6		
19'	39°10'	09 26	4	N.	5	5	N	5		
19	Ankrede Setúbal Havn Kl. 20^{35}									
20'										
21'		Setúbal Loading								
22'										
23	÷ Setúbal			Kl.	17^{45}					
24	38°04N	12°50W	9	N	5	5	N	2		
25	37°26N	17°00	9	N	4	4	N	2		
26	37°00N	21°20W	9	N	3	3	N	1		
27'	36°05N	26°09 W	9	N	3	3	N	1		

UNCLASSIFIED

Se deberá hacer un asiento al mediodía de cada día que el buque se encuentre en navegación.
An entry is to be made on every day the vessel is at sea at noon.

Seccion 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

ER 0027

3c

UNCLASSIFIED

Fecha Date OKT.	Posición al Mediodia Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar	Mar de Leva Swell		Firmas SIGNATURES	
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force	Sea cond	Dirección Dir	Altura Height		
28 7	⚓ LIMASSOL ROAD.									
29 8					2	2	0	2		
30 9										
31 10										
[illegible] 11										
12										
13										
14										
15	÷ LIMASSOL ROAD TO PORTSAID									
15	34°16'	34°28'	9	NE	2	2	E.	2		
16	'	PORT SAID 09^{00} -								
17	Md.	⚓ BITTER LAKE 04^{20}; ÷ LOOSVED SUEZ 17^{55}								
18	27°23'	34°10E	9	N	6	6	N	6		
19	24°09'	36°24'E	9	N	2	2	N	2		
20	20°59'N	38°19E	9	N	1	1	N	1		
21	18°12'N	40°48E	6	SO	6	6	SO	1		
22	16-15	41°22'	7	S	7	7	S	7		
23	14°12	22 10	8	S	8	8	S	7		
24	12°57	43 19	8	S	8	8	S	3		
25	13°04N	46°25'	1	NO	1	1	NO	1		
26	14 20N	49°30	1	SO	1	1	SO	1		
27	15°59	50 38	2	E	2	2	E	2		
28	17°50	5200	2	SV	2	2	SV	1		
29	21°00N	58 02	1	NO	1	1	NO	1		
30	23°55'	58°20	1	NO	1	1	NO	1		
31	⚓	02^{15} Keyazrah Road.								

UNCLASSIFIED

Debe hacer [illegible] mediodia de cada dia que el buque [illegible] navegacion
An entry is to be made on every day the vessel is at sea at noon

ER 0028

UNCLASSIFIED

Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

Fecha Date	Posición al Mediodía Noon Position		Vel pro medio (24 hrs.) Av. spd. 24 hrs	Vientos Wind		Cond del Mar	Mar de Leva Swell		Signatures	
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force	Sea cond.	Dirección Dir	Altura Height	Master	An Officer
28/7	33°30N	30°35W	9	0	1	0	C	1		
29	33°40N	34°30W	9	0	1	0	C	1		
30	32°40N	39°00W	9	S0	1	S0	0	1		
31	31°05N	43°00W	9	0	1	0	0	1		
1/8	29°22N	47°10W	9	0	4	0	0	1		
2/8	28°05N	50°01W	2	0	5	0	0	5		
3/8	28°00N	50°50W	2	0	5	0	0	5		
4/8	28°28N	48°56W	5	0S0	4	0S0	0S0	4		Hi Mastin
5	30°04N	46°10W	6	0	2	0	0	2		
6	31°02N	43°20	6	N0	4	4	N0	4		
7	32°05N	40°20	6	N0	2	2	N0	2		
8	33°07N	37°10	6	0	0	1	0	0		
9	34°00N	33°54	6	N0	2	2	N0	2		
10	35°00N	30°30W	6	NV	1	1	NV	1		
11	36°00N	26°50W	10.	0	2	2	0	2		FF
12	36°49N	22°30	9.5	Still	0	0	0	0		
13	37°35N	18°00W	9.3	V	3	3	V	3		
14	37°00N	18°30W	9.5	V	3	3	V	3		
15	Road of SETUBAL 12^{55} L									
16										
17										
18										
19										
20										
21										
22										
23										

UNCLASSIFIED

TO ANCHOR IN SETUBAL ROAD

Se deberá hacer un asiento al mediodía de cada día que el buque se encuentre en navegación.
An entry is to be made on every day the vessel is at sea at noon.

Seccion 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLOGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

ER 0029

UNCLASSIFIED

Fecha Date	Posición al Mediodia Noon Position		Vel pro medio (24 hrs) Av spd 24 hrs	Vientos Wind		Cond del Mar Sea cond	Mar de Leva Swell		Firma SIGNATURES	
	Latitud Latitude	Longitud Longitude		Dirección Dir	Fuerza Force		Dirección Dir	Altura Height	Ca Mast	Officer
24	Algeciras Setubal Road.									
29/8	36 40	08 00	9	SW0	2	N 0	N0	1		
30	–	–	–	-	-	.	–	.		
31-7/8	Algeciras Road ⚓ at 1400									
8	36°10	01 00W	7	N	2	N	N	2		
8-9	Left anchor Setubal Road 16$^{\underline{25}}$									
10	41°25	09°25W	9	N	1	1	N	1		
11	44°29	08°15W	8	S0	2	2	S0	2		
12	48 00N	05 40W	7	N0	5	5	N0	5		
13	44 35	03 20W	8.	ES0	8	8	ES0	8		
13-20	[redacted]									
21	49°02	04°43W	9	0	0	0	0	0		
22	47.15	09 24W	9	N0	4	4	4	4		
23	38 28	09 26W	9	0	0	0	0	0		
24	35 20	07 10W	9	0	0	0	0	0		
25	36 17N	01 58W	10	N	3	3	3	3		
26	36 34N	00 38 0	10	N	2	2	2	2		
27	36 51N	01 34 0	10	0	2	2	2	2		
28	37 15	07 55 0	9	0	1	1	0	1		
29	36°55	12 24 0	9	0	7	7	0	7		
30	38 15	14°10 0	9	0.	4	4	0	4		
1 OKT.	37 06	17 50 0	5	N	5	5	0	5		
2	35 50	21 23 0	9	0	1	1	0	1		
3	34 50	24 40 0	8	N	8	7	N	7		
4	34°42	29 05 0	8	NW	2	2	NW	2		
5	LIMASSOL RED		11$^{\underline{30}}$		⚓	1	SE	1		
6 OKT.										. TO SAID AT

UNCLASSIFIED

Se deberá hac... asiento ... mediodía ... el buque se e...
An entry is to be made on every day ... at noon

19

Sección 3c: POSICIONES DEL BUQUE Y CONDICIONES METEOROLÓGICAS
Section 3c: AT SEA POSITIONS AND WEATHER

ER 0070

UNCLASSIFIED

Fecha Date	Posición al Mediodía Noon Position		Vel. pro medio (24 hrs.) Av. spd 24 hrs.	Vientos Wind		Cond. del Mar Sea cond.	Mar de Leva Swell		[illegible]	
	Latitud Latitude	Longitud Longitude		Dirección Dir.	Fuerza Force		Dirección Dir.	Altura Height		
1/11 – 2/12	⚓	FUJAYRAH ROAD.							Alb.	
3/12	23°55	58°22	8	SØ	4	4	SØ	1'	Alb.	
4/12	23°21N.	59°24E	8	SØ	2	2	SØ	1'	Alb.	
5'	18°19N	57°24E	8	NØ	2	2	NØ	1'	Alb.	
6'	16°20N	54°31'E	8	NØ	1	1	NØ	1.	Alb.	
7'	15°05N	51°29E	8	S	1	1	S	1	Alb.	
8.	13°50N	48°28E	8	SØ	3	3	SØ	1	Alb.	
9'	12°35N	45°50E	8	Ø	1	1	Ø	1	Alb.	
10.	14°38'N	42°25E	8	S	1	1	S	1	Alb.	
11'	17°30N	40°30E	8	NV	1	1	NV	1	Alb.	
12'	20°00N	38°50E	8	NV	4	4	NV	4	Alb	
13'	22°44N	37°14E	8	NV	3	3	NV	3	Alb.	
14'	28°00N	35°40E	4	NV	6	6	NV	6	Alb.	
15	27°36N	34°34E	5	NV	6	6	NV	6	Alb.	
16'	27°40N	33°00E	6	NØ	6	6	NØ	6	Alb.	
17'	27°50N	33°43	2	NV	2	2	NV	2	Alb.	
18'	Suez Red-s Kanal.								alb	
19'	N.	E.	–			–			Alb.	
20'	3258	3254	6	V	6	6	V	6	Alb	
21'	3320	3040	8	V	8	8	V	8	Alb.	
22'	34°10	28°20'	4	SV	7	7	SV	7	Alb.	
23'	35°24'	25°30	4	SV	7	7	SV	7	Alb.	
24'	35°50'	21 20	8	Ø	7	7	Ø	7	Alb	
25'	35°40'	18°20	3	NNV	9	9	NNV	9	Alb	
26'	36°23'	15°00'	3	NØ	6	6	NØ	6	Alb.	
27'	36°48	11 20	2	NV	8	8	NV	8	Alb.	
28'	36°50	11 50	2	NNV	9	9	NNV	9	Alb	

Se deberá hacer un asiento al mediodía de cada día que el buque [illegible] re en navegación.
An [illegible] vessel is at sea at noon.

UNCLASSIFIED

1/25 DV

4723 [redacted]

UNCLASSIFIED

23-130

EXHIBIT

ER 002[redacted]

0021

Chapter 23

PN # 130

/ København K
Telf. 01-13 14 15

966

Januar + CASABLANKE.

Nytår 1

÷ CASABLANCA.

Hellig 3 konger VIANO DE CASTELLO

VIANO DE CASTELLO

3

2130 CRASTEN

+ GLYGSTAD RED

4

÷ GLYKSTAD RED

5

SANTANDER.

÷ SANTANDER B. 10.

Februar

L. 1

S. 2

M. 3 6

T. 4

O. 5

T. 6

F. 7

L. 8

S. 9 Fastelavn SØEN!

M. 10 7

T. 11

O. 12

T. 13

F. 14

L. 15

S. 16

M. 17 17⁰⁰ + KOKO RED 8

T. 18 + KOKO

O. 19

T. 20

F. 21

L. 22

S. 23

M. 24 08.25 9

T. 25 ÷ KOKO + WARRI 17⁰⁰

O. 26

T. 27 ÷ WARRI 20⁰⁰ + LAGOS RED

F. 28

UNCLASSIFIED

Marts

L. 1

S. 2

M. 3 11

T. 4

O. 5

T. 6 ÷ LAGOS 13²⁰ 20³⁰ + COTONO

F. 7

L. 8

S. 9

M. 10 T.

T. 11 ÷ COTONOU

O. 12

T. 13

F. 14 ÷ LOME.

L. 15

S. 16

M. 17 12

T. 18

O. 19

T. 20

F. 21

L. 22

S. 23 Palmesøndag SØEN

M. 24 13

T. 25

O. 26 LAS PALMA

T. 27 Skærtorsdag

F. 28 Langfredag - Dr. Ingrid

L. 29

S. 30 Påskedag

M. 31 2. påskedag 14

April

T. 1

O. 2 BREMEN

T. 3

F. 4

L. 5

S. 6 + BREMEN. 12³⁰.

M. 7 ÷ BREMEN. 15⁰⁰. 15

T. 8 + MARSTAL. 18⁰⁰.

O. 9

T. 10

F. 11

L. 12

S. 13

M. 14 16

T. 15

O. 16 Dr. Margrethe II

T. 17

F. 18

L. 19

S. 20 BEDING 14³⁰ TAR.

M. 21 [illegible] KLASSE 90.

T. 22

O. 23

T. 24

F. 25 St. Bededag

L. 26

S. 27

M. 28 [illegible] 18

T. 29

O. 30

Maj.

T. 1

F. 2

L. 3 ÷

S. 4 ÷

M. 5 Danmarks befrielse 19

T. 6

O. 7

T. 8 Kr. Himmelfart

F. 9

L. 10 11⁰⁰ ÷ MARSTAL

S. 11

M. 12 20

T. 13

O. 14

T. 15

F. 16

L. 17

S. 18 Pinsedag

M. 19 2. pinsedag SØEN 21

T. 20

O. 21

T. 22

F. 23

L. 24

S. 25

M. 26 Kpr. Frederik 22

T. 27

O. 28 16⁴⁵ + LARNECA RED

T. 29

F. 30

L. 31

Juni.

S. 1

M. 2 23

T. 3

O. 4

T. 5 Grundlovsdag ÷ LARNECA

F. 6

L. 7

S. 8 SØEN

M. 9 24

T. 10

O. 11 Pr. Henrik

T. 12 07⁰⁰ CAGLIARI +

F. 13 16³⁰ — ÷

L. 14

S. 15 SØEN

M. 16 25

T. 17

O. 18 08³⁰ + SETUBAL

T. 19

F. 20

L. 21

S. 22

M. 23 26

T. 24 Sct. Hans dag

O. 25 16⁰⁰ ÷ SETUBAL

T. 26

F. 27

L. 28 SØEN

S. 29

M. 30 27

1901 -

ER 0022

UNCLASSIFIED

urance)

Ny postadr.:
Postboks 2222
Holmens Kanal
1097 København K
Telf. 01-13 14 15

967

Juli

1	SØEN	
4	09^{30} ÷ KØBENH	
7		28
9	÷ KØBENHAVN 13.00	
10	+ STETTIN, 06.15.	
11	÷ — 20.00	
14		29
15	SØEN	
19	+ SETUBAL	
21		30
23	÷ SETUBAL.	
28		31
31		

August

F. 1		
L. 2	STOP	
S. 3		
M. 4		32
T. 5		
O. 6		
T. 7		
F. 8		
L. 9	14^{t} SØEN	
S. 10		
M. 11		33
T. 12		
O. 13		
T. 14		
F. 15	÷ 12^{55} + SETUBAL ⚓	
L. 16		
S. 17		
M. 18		34
T. 19		
O. 20		
T. 21	⚓	
F. 22		
L. 23		
S. 24		
M. 25		35
T. 26		
O. 27		
T. 28	15^{15} ÷ SETUBAL	
F. 29		
L. 30		
S. 31	11^{00} ALGECIRAS RED ⚓	

September

M. 1		36
T. 2		
O. 3		
T. 4	GIBRALTAR R.S ⚓	
F. 5		
L. 6		
S. 7	÷ GIBRALTAR 08^{00}	
M. 8	+ SETUBAL. 15^{45}	37
T. 9	÷ SETUBAL. 12^{45}	
O. 10		
T. 11		
F. 12		
L. 13	+ 22^{3} [redacted]	
S. 14		
M. 15		38
T. 16		
O. 17		
T. 18		
F. 19		
L. 20	÷ 19^{00} [redacted]	
S. 21		
M. 22		39
T. 23		
O. 24		
T. 25	15.30 CEUTA + ÷ 19^{45}	
F. 26		
L. 27		
S. 28		
M. 29		40
T. 30		

Oktober

O. 1		
T. 2		
F. 3		
L. 4		
S. 5	LIMASSOL RED ⚓ 10^{30}	
M. 6		
T. 7		
O. 8	SMIL.	
T. 9		
F. 10		
L. 11		
S. 12		
M. 13		42
T. 14		
O. 15	÷ LIMASSOL R.S	
T. 16	+ P. SAID 08^{45}	
F. 17	÷ P. SAID 07^{20}	
L. 18		
S. 19		
M. 20		43
T. 21		
O. 22		
T. 23		
F. 24	FN dag	
L. 25		
S. 26		
M. 27		44
T. 28		
O. 29		
T. 30		
F. 31	⚓ FUJAYRAH	

November

L. 1	TIL ⚓ FUJAYRAH	
S. 2		
M. 3		45
T. 4		
O. 5		
T. 6		
F. 7		
L. 8	6 MD.	
S. 9		
M. 10		47
T. 11	Morten Bisp	
O. 12		
T. 13		
F. 14		
L. 15		
S. 16		
M. 17		47
T. 18		
O. 19		
T. 20		
F. 21		
L. 22		
S. 23		
M. 24		48
T. 25		
O. 26		
T. 27		
F. 28		
L. 29		
S. 30		

December

M. 1		49
T. 2	13^{00} ÷ FUJAYRAH ROAD	
O. 3		
T. 4		
F. 5		
L. 6		
S. 7		
M. 8		50
T. 9		
O. 10		
T. 11		
F. 12		
L. 13		
S. 14	ELINT.	
M. 15		51
T. 16		
O. 17		
T. 18		
F. 19		
L. 20		
S. 21		
M. 22		52
T. 23		
O. 24		
T. 25	Juledag	
F. 26	2 juledag	
L. 27		
S. 28		
M. 29		
T. 30		
O. 31		

UNCLASSIFIED

Ch. 23
#130

EXHIBIT

PAGE 14, ERRIA LOG BOOK

May 23, 1986	36° 8' N 15° 58' W
May 24, 1986	25° 0' N 20° 30' E
May 25, 1986	34° 55' N 24° 0' E
May 26, 1986	32° 40' N 27° 38' E
May 27, 1986	32° 10' N 31° 23' E
May 28, 1986	34° 0' N 34° 0' E
May 29, 1986	Noon - Narnaca, Cyprus

4723

UNCLASSIFIED

23-133

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

Copy 23 FN*135
SC 0400

23-135

LAW OFFICES
SHARP, GREEN & LANKFORD
1800 MASSACHUSETTS AVENUE N.W.
WASHINGTON, D.C. 20036

JAMES E. SHARP
THOMAS C. GREEN
W. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ*
ROBERT L. VOGEL+

* MEMBER OF PA BAR ONLY
+ MEMBER OF NY & NJ BAR ONLY

TELEPHONE
202 659-2400
TELECOPIER 202 296-[illegible]
TELEX 897 4605 SGL DC

August 18, 1987

Arthur Liman, Esq.	John W. Nields, Jr., Esq.
Counsel to U.S. Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Oppos.	Counsel to U.S. House Select Committee to Investigate Covert Arms Transactions with Iran
901 Hart Senate Office Bldg.	Room H419, United States Capitol
Washington, DC 20510	Washington, DC 20510

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct certain aspects of his testimony given under oath at the last deposition session, at which both of you were in attendance. I am sorry that I can no longer supply the precise date of that session.

Mr. Secord was asked to acknowledge that he had been advised concerning a potential conflict of interest on the part of the undersigned arising out of the undersigned's refusal to answer inquiries from the Office of Independent Counsel about a specific incident which arose during the time the undersigned represented both Lieutenant Colonel Oliver North and Mr. Secord.

11/29/93

Mr. Secord replied that he had been independently advised concerning this matter, and he confirmed his insistence that the undersigned remain as his counsel. At the time of his answer, Mr. Secord had had conversations with other attorneys in my office concerning this matter, but, as I explained to Mr. Secord following the deposition session, those consultations could not be deemed to be with separate and unrelated counsel.

Since that time Mr. Secord did retain and did consult with separate and unrelated counsel to explore all the ramifications surrounding the potential conflict of interest issues. Since receiving this independent advice, his decision remains the same. However, I thought it prudent to write you and to clarify what I think may be some confusion in the

UNCLASSIFIED 4724

UNCLASSIFIED

record. Accordingly, I ask that you consider this letter as supplementation to, or correction of, Mr. Secord's previous testimony.

Sincerely yours,

Thomas C. Green
Attorney for Richard V. Secord

Seen and Agreed to:

Richard V. Secord

18 Aug 1987
Date

UNCLASSIFIED

SC 040

LAW OFFICES
SHARP, GREEN & LANKFORD
1800 MASSACHUSETTS AVENUE, N. W.
WASHINGTON, D. C. 20036

JAMES E. SHARP
THOMAS C. GREEN
V. THOMAS LANKFORD, JR.
STEVEN M. JOHNSON
BARBARA STRAUGHN HARRIS
MARK M. KATZ •
ROBERT L. VOGEL -

• MEMBER OF PA BAR ONLY
- MEMBER OF NY & NJ BAR ONLY

TELEPHONE
(202) 659-2400
TELECOPIER (202) 296-249
TELEX 697 4605 SGLDC

UNCLASSIFIED

August 20, 1987

HAND DELIVERED

The Honorable Lee H. Hamilton
Permanent Select Committee on
International Affairs
U.S. House of Representatives
United States Capitol
Room H405
Washington, DC 20515

The Honorable Daniel K. Inouye
Chairman, U.S. Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition
901 Hart Senate Office Building
Washington, DC 20515

Gentlemen:

On behalf of Richard V. Secord, I am writing to correct and comment on certain testimony taken before the Select Committees and to respond to certain statements made by various members of the Committees which misrepresent the facts and portray my client and his conduct in a false and underserved light. In view of the effort undertaken by various members of the Committees to discredit General Secord and the attempts to impeach portions of his testimony, we feel it fair and appropriate that this letter and the accompanying exhibits be made a part of the official record of investigation; and we formally request such relief.

General Secord was the first witness called to give public testimony. His appearance before the Committees followed countless hours of debriefing during which he patiently and with great accuracy recited the facts and

UNCLASSIFIED

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 2

circumstances surrounding the operational details of the Contra supply operation and the Iranian initiative. It is only fair for the Committees to acknowledge that the information provided by General Secord was of critical importance and of invaluable assistance to the progress of the investigation. It should also be noted that General Secord ultimately succumbed to the entreaties of both Chief Counsel who largely induced his voluntary testimony by appeals to General Secord's sense of duty, service and responsibility to his country and the Congress.

General Secord was prepared for tough questions and tough criticism. But in light of the way his testimony was procured, we were not prepared for unfair criticism or for the technique employed by some interrogators of using false information to prompt derogatory comments about General Secord from other witnesses. When, from time to time, we contacted the staff to tender correct information and corroborating data we were usually thanked, but never vindicated. All the misinformation has been permitted to linger, and the record requires and deserves correction.

Several Senators were effusive in their use of the term "profiteer" when making reference to General Secord. We start from the rather basic proposition that every man is entitled to make a living. General Secord devoted two years to the Iran/Contra projects at the expense of virtually all other

UNCLASSIFIED

business pursuits. During that time he received a salary of $6000 per month. The amount is hardly excessive.

Albert Hakim acknowledged in his testimony on June 3, 1987, that he accumulated profits from arms sales for the benefit of General Secord in an account known as Korel Assets even though General Secord forswore any such remuneration. None of the accumulated profits were ever distributed to General Secord, a fact confirmed by House Counsel, Mr. Nields, when he stated publicly on June 3rd that:

> I think the record should reflect that unlike some of these other accounts, we have been able to determine no withdrawals from the Korel Assets account as of this date.

A great deal of time and attention was devoted by members of the Committees in examining the profit earned on arms transactions. The frenzy to portray these sales as generating exhorbitant profit came close to overshadowing what should have been the more important issues. General Secord testified that the gross profit on arms sales ranged from between 20 percent to 30 percent. That markup was and is extremely reasonable, and the merchandise delivered was unquestionably of high quality. When General Singlaub appeared some members again attempted to use his testimony to criticize General Secord's efforts through a supposed comparison of the prices charged by each. The comparison was nonsense and the equivalent of an apple and orange exercise. We demonstrated

all of this in a letter I wrote to the Committees on May 26, 1987. A copy of my letter is attached hereto for your convenience. Additionally, we supplied the staff with an "Arms Sales Profit Analysis" memo which was nothing more than an exercise in basic arithmetic confirming the profit margins testified to. A copy of this document is also attached. It is our belief that the staff has now been able to confirm the basic accuracy of our figures. Finally, I note the testimony of General Secord's customer, Mr. Calero, who acknowledged in his testimony on May 20, 1987, that General Secord's prices for ammunition and FAL type rifles were extremely reasonable and about 50 percent less than what this government was charging the witness for the same items.

Although General Secord never withdrew money from his so-called profit account and although he attempted no movement or secreting of funds during the days when these operations were on the brink of public disclosure, the notion was born and nurtured by several members of the Committees that the residual funds were accumulated and preserved principally because of devious profit motives, all of which worked to the unfortunate detriment of the Contras. This is a pernicious and particularly offensive allegation.

Funds were on hand when these transactions terminated simply because the ongoing operations were aborted. General Secord was saddled with the responsibility to preserve and

UNCLASSIFIED

SC 040

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 5

allocate funds in response to a number of real and anticipated needs. This required a continuing assessment of priorities and the need to reserve against contingencies known and unknown. General Secord delivered to the Committees long ago most of his original, contemporaneous worksheets which reflect his decisional process. None of this material was contrived, and no one has been silly enough to suggest otherwise. Even a cursory review of this material will demonstrate that General Secord intended that the residual funds were to be devoted to operations.

Rather than burden this letter with a detailed summary of General Secord's testmony, I have included an extrapolation from the documents he provided, which is essentially a series of "snapshots" which capture the process of allocation over time in 1986.

FUNDS AVAILABLE AND ANTICIPATED DISBURSEMENTS

A. Early February, 1986 -- $87,000 available. Several million dollars required to carry through with the Central American airlift project.

UNCLASSIFIED

B. Early March, 1986 -- $6 million available. $2-4 million required for aircraft hull self-insurance per Israeli demand.*

C. Estimated disbursements for March and April, 1986, included the following:

Israeli Air Force	$ 150,000
Costa Rica Air Strip Project (Contra)	150,000
Defex (Contra)	2,360,000
Aircraft Procurement (Contra)	1,000,000
Salaries (Contra)	50,000
Contra Medical Expenses	50,000
Initial Blowpipe Procurement (Contra)	200,000
Fenced Insurance Fund (Contra)	200,000
	$4,160,000**

---

*We are confident that the Israelis will confirm this requirement.

**Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

SC 04 [illegible]

D. April 1, 1986 -- $5 million available. Estimated disbursements for April, May and June, 1986, included:

Aircraft Operations and Maintenance (Contra)	$ 650,000
Israeli Air Force	150,000
Communications Procurement (Contra)	100,000
Initial Blowpipe Procurement (Contra)	350,000
Medical Supplies and Local Operations at [redacted] (Contra)	45,000
Southern Air Transport (Contra)	120,000
Salaries (Contra)	72,000
Defex (Contra)	2,200,000
Israeli TOW's	822,000
	$4,509,000*

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

E. End April -- $4 million available. $4 million needed for hull insurance reserve. Estimated disbursements through June included:

Defex (Contra)	$ 280,000
Aircraft Operations and Maintenance (Contra)	650,000
Three British Air Crewmen (Contra)	110,000
Blowpipe Procurement (Contra)	1,000,000
Salaries (Contra)	72,000
Israeli TOW's	822,000
Costa Rica Air Field (Contra)	60,000
SAT (Contra)	55,000
Insurance Fund Fenced (Contra)	200,000
C123 Spare Parts (Contra)	200,000
Israeli Air Force	185,000
	$3,634,000*

---

*Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED [illegible]

SHARP, GREEN & LANKFORD

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 9

F. Early June, 1986 -- Hull insurance requirement still in effect. $13 million available. Estimated disbursements through July, 1986, included:

Refund demanded by Ghorbanifar	$15,000,000
Airlift Operations and Maintenance through July (Contra)	500,000
Salaries through July (Contra)	90,000
Israeli Air Force	240,000
Costa Rica Airfield Completion	100,000
Shipload of Munitions (Contra - for delivery in August	3,300,000
Insurance Fund Fenced (Contra)	200,000
Aircraft Procurement (Contra)	500,000
	$19,930,000*

G. July 1, 1986 -- $12 million available. $2 million still needed for hull insurance. Ghorbanifar claims

---

[*] Does not include what by this time is a $4 million hull insurance fund.

$10 million owed to him. Estimated disbursements through August, 1986, included:

Refund demanded by Ghorbanifar	$10,000,000
Airlift Operation and Maintenance, July and August (Contra)	500,000
Salaries, July and August (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
Secure Communications Equipment (Iran)	120,000
Ship, Erria, Operations (Contra)	150,000
Shipload Munitions (Contra)	2,200,000
	$13,260,000*

H. Early August, 1986 -- $9 million available. Ghorbanifar still claims $10 million owed to him and threatens to expose the operation unless paid.

---

*Does not include what by this time is a $2 million hull insurance fund.

UNCLASSIFIED

Estimated disbursements through September, 1986, included:

Refund to Ghorbanifar	$10,000,000
Airlift Operations and Maintenance, August and September (Contra)	400,000
Salaries, August and September (Contra)	90,000
Shipping, Erria, Expenses (Contra)	90,000
Insurance Fund Fenced (Contra)	200,000
	$10,780,000*

Although at the time these operations were disclosed in November, 1986, approximately $8 million was available, Ghorbanifar still continued to press his claim. During this period General Secord contemplated the purchase of a 707 aircraft and spare parts in connection with implementing the

---

[*] Does not include what by this time is a $4 million hull insurance fund.

UNCLASSIFIED

second channel ($2-2.5 million), and roughly a million dollars were owed or obligated on account of the following:

> Danish ship agent ($300,000+); Southern Air Transport ($100,000); death benefits ($200,000); Swiss Air charter ($50,000); [redacted] bills ($100,000); Costa Rica real estate bill ($100,000+) and $100,000 miscellaneous (including continued funding for the ship Erria).

Planning for the establishment and funding of a permanent European joint venture company to support U.S./Iranian commercial transactions over a several-year period (until such time as the two governments could deal directly with one another) was terminated when these operations were exposed. Israel had concurred in this venture, and it was contemplated that Iran would donate $20-40 million to the new venture to make it viable. This would include sufficient funds to "forward finance" procurements from the U.S. and from Europe after agreement by U.S. and Iranian government officials as envisioned in the nine-point plan.

The allocation exercise periodically undertaken by General Secord was admittedly based on estimates, but it is against this background of competing claims and demands that he made his decisions to fund the Contras at whatever level circumstances would permit. Ghorbanifar's claims were serious,

UNCLASSIFIED

SC 0402

and they presented a credible threat to the continuation of operations (although not in General Secord's view in any meaningful legal sense). Contrary to the picture painted at times at the hearings that abundant excess money was available to fund the Contras, funds were expended to support their operations almost always with consequent risk to the continuation of the Iranian operation and to General Secord personally. Had the Contra airlift project not been deemed so vital by General Secord, it might have been suspended or stopped any number of times as a result of other funding requirements.

In the final analysis over $4 million from the Iranian operation was expended for the benefit of the Contras as a result of General Secord's juggling of his priorities. In view of the fact that General Secord devoted two years of around-the-clock effort to making these projects work, we think it hardly fair to engage in an after-the-fact review of his priority decisions. He was after all, despite contentions to the contrary, acting in furtherance of the policies of this government and with its blessing.

There are a couple of other "money" issues which have been exaggerated to grotesque proportions. In October, 1985, well before the Iran initiative began, General Secord purchased a 1973 Seneca airplane for the approximate sum of $35,000. The money used to buy the aircraft came from a consulting fee and

UNCLASSIFIED 0402

was reported as income on General Secord's 1985 tax return. In 1986 General Secord purchased a Porsche automobile for $31,000. (Porsche never got so much free publicity). General Secord insists that the money to buy the car was borrowed from Albert Hakim, consistent with a pattern of loans made to him in accordance with a 1983 business agreement, which includes yet another loan of $32,000 for legal fees made by Hakim in February of this year.

We, of course, are not familiar with the personal purchases of members of Congress. It would be interesting (perhaps) to know all about them. But what is so unwholesome or sinister (or of national importance) about buying a Porsche and a 15 year old airplane, and if you insist on linking these acquisitions to the Iran/Contra projects: "where's the beef?" If you add up every dime that found its way to General Secord's pockets which is in any way arguably related to the Iran/Contra projects (even without regard to what it represents), you never get above $225,000.00. That is hardly an extraordinary sum for two years of work, and it is clearly unworthy of the exploitation attempted by some members of the Committees.

Certain members of the Committees chose (we think deliberately) to ignore confirmed facts in an effort to embarrass General Secord and serve their personal, political agenda. For example, General Secord was accused of using donated funds to purchase Maule aircraft for himself, a

UNCLASSIFIED

supposed fact which astonished several of the donors during their public testimony and which was presumably designed to elicit similar emotions from the listening audience. The truth is simply that all Maule aircraft were transferred to the Contras; the Committees know that and knew it at the time this charade was played out in public.

Toying with the facts is unbecoming during a congressional investigation, yet it occurred frequently. In interrogating another witness, a Senator asserted that General Secord and Albert Hakim were the owners of East Inc., a company which contracted to provide operations and maintenance services in Central America. The claim is false. Even worse was the Senator's use and manipulation of documents to make it appear that General Secord was charging excessive profits on aircrew salaries. The facts are that the documents used by the Senator did not relate to aircrew salaries and, even more significantly, the documents were not records of any company owned or controlled by General Secord. The language used by the Senator to make his point was downright ugly, and the whole episode was outrageous.

Other members attempted to dance on General Secord's back by asserting that he had no security clearance. Again, the truth is that General Secord held the highest level DOD security clearance until January of 1987. When Felix Rodriguez was called to testify, he was fed a series of leading questions

UNCLASSIFIED

SC 040?

UNCLASSIFIED

(in reality the answers) in an attempt to taint General Secord with the sins of convicted felon Edwin Wilson. Although Rodriguez denied any association with Wilson, it is he, not General Secord, who worked with and for Wilson over an extended period of time. Moreover, when Rodriguez was prompted to criticize the military supplies furnished by General Secord to the Contras, someone was kind enough to expose the fact that Rodriguez's hearsay was based on information from Mario Del Amico, a competitor in the arms supply business.

The attempt by certain members to seize opportunities to link General Secord to Edwin Wilson evolved rather quickly into blatant character assassination. General Secord did know Edwin Wilson long before the time Wilson's legal problems arose. Allegations first raised in 1982 that General Secord (and others) might have been involved in business transactions with Wilson were exhaustively investigated by the Department of Justice for over two years. The investigation of General Secord was ultimately terminated and formally closed for lack of any evidence -- a fact never mentioned by any member during the hearings.

General Secord and his colleagues were also criticized for departing from or misrepresenting United States foreign policy. This claim is absolutely baseless. His dialogue with the Iranians tracked established policy and was based on approved proposals. As the tapes would demonstrate,

UNCLASSIFIED

The Honorable Lee H. Hamilton and
Daniel K. Inouye
August 20, 1987
Page 17

General Secord never committed the United States to fighting the Russians in defense of Iran. General Secord knew about, and was qualified to explain, United States policy in regard to a possible Soviet invasion of Iran. [redacted]

Although other portions of the record are deserving of comment, it is impossible to examine each and every distortion or inaccuracy in a letter such as this. What is important to emphasize is that General Secord was made to pay a very high price for voluntarily coming forward, without immunity, to assist the Congress in its investigation, and, for sure, he is not inclined to answer the phone if his government calls again.

Certain of the immunized witnesses were actually praised for their courage to testify, in contrast to General Secord, whose reputation and integrity were attacked for obvious, partisan purposes. Although this entire experience has been more than slightly bitter for General Secord, he reamins confident that he acted appropriately and honestly in the service of his country.

Whether by its treatment of General Secord the Congress has hampered its ability to entice and receive

UNCLASSIFIED

SC 04

voluntary testimony from important witnesses is a separate question. Certainly the treatment accorded General Secord could not have been designed to enhance the image of Congress as an impartial and fair investigator.

On behalf of Richard V. Secord, I respectfully request that this letter be entered in the official record of the Committees' investigation.

Sincerely yours,

Thomas C. Green

TCG:jme

attachments

UNCLASSIFIED

LAW OFFICES
SHARP GREEN & LANKFORD
800 MASSACHUSETTS AVENUE N W
WASHINGTON D C 20036

SC 04[illegible]0

UNCLASSIFIED

JAMES E. SHARP
THOMAS E. GREEN
J. THOMAS LANKFORD JR
[illegible]
[illegible]
[illegible]
[illegible]

[illegible]
[illegible]

TELEPHONE
[illegible]
[illegible]
[illegible]

May 26, 1987

John W. Nields, Jr. Esq.
Counsel to U.S. House Select
Committee to Investigate Covert
Arms Transactions with Iran
Room H419
United States Capitol
Washington, DC

Dear Messers. Liman and Nields:

I am writing to clear up some confusion which has arisen with respect to the purchase of certain assets for the benefit of the Contras. Three Maule aircraft were tranferred to the Contras in 1985 at the direction of Mr.Secord. The first aircraft, tail number N5657H, was titled to NRAF, Inc., 52 Y el Vira Mendez, Panama, RP, in approximately July or August of 1985. This aircraft was previously owned by Mr. Secord and several colleagues. The Contras purchased the aircraft by wire transferring an amount equivalent to the outstanding indebtedness on the plane.

Maule aircraft tail numbers N5661I and N5661J were titled in the name of NRAF, Inc. on September 10, 1985, and on October 29, 1985, respectively. These aircraft were bought at cost from Maule Air, Inc. All three of these aircraft are owned exclusively by the Contras. Mr. Secord has no interest, direct or indirect, in any of these planes.

During the interrogation of General Singlaub, he was led to confirm that he could have bought twice the quantity of munitions at the prices charged by Mr. Secord. This conclusion is absolutely without merit. Only four items were purchased by both General Singlaub and Mr. Secord.

General Singlaub sold 10,000 AK-47's, folding stock model, at $135.00 per rifle. Mr. Secord sold 3,000 AK-47's, wooden stock model, at $217.00 per rifle. The wooden stock rifles were purchased for a cost of approximately $181.00 per rifle, and they were sold at a 20% mark up to the Contras.

General Singlaub sold 15,000,000 rounds of 7.62 x 39 at a price of $110.00 per thousand. Mr. Secord sold 7,500,000 rounds at an average price of $136.00 per thousand. Including mark up, Mr. Secord's price equates to 2.5¢ per round in one-half the quantity.

UNCLASSIFIED

General Singlaub sold 200 RPG-7's at $1,650.00 per launcher. Mr. Secord sold 80 RPG-7's at $1900.00 per launcher. Mr. Secord's price was 15% higher than General Singlaub's price on less than one-half the size of Singlaub's order.

General Singlaub sold 5,000 RPG-7 rounds at $185.00 per round. Mr. Secord sold 3,000 such rounds at $225.00 per round. This presents a 21.6% mark up over General Singlaub's price on little more than half the quantity supplied by General Singlaub.

General Singlaub shipped 348 tons of material and charged the Contras approximately $300,000.00 for shipping. Mr. Secord shipped over 600 tons and charged the Contras $150,000.00 for shipping.

If Mr. Secord had dealt in quantities comparable to those purchased by General Singlaub, the resulting price differential would have been de minimus, which means, in effect, that Mr. Secord was buying at substantially better prices.

Sincerely yours,

Thomas C. Green
Attorney for
Richard V. Secord

TCG:ddd

UNCLASSIFIED

ARMS SALES PROFIT ANALYSIS

PREPARED BY RICHARD V. SECORD

1985-1986

Phase I (Airlift February 1985; Sealift April 1985)

Sell $2,346,175

Costs 1,634,901

Profit 711,274 or 30.3% gross (43.5% of cost)

Phase II (Airlift March 1985)

Sell $1,235,596

Costs 924,756

Profit 310,840 or 25.1% gross (33.6% of cost)

Phase III (Sealift June 1985)

Sell $6,407,512

Costs 5,190,512

Profit 1,217,000 or 18.99% gross (23.45% of cost)

Phase IV (Airlift November 1985)

Sell $2,255,200

Costs 2,003,200

Profit 252,000 or 11% gross (12.78% of cost)

UNCLASSIFIED

Phase V (Airlift March 1986)

Sell $504,140

Costs 354,140

Profit 150,000 or 29.7% gross (42.3% of cost)

Phase VI (Airlift April 1986)

Sell $441,640

Costs 353,337

Profit 88,303 or 19.99% gross (25% of cost)

Phase VII (2 airlifts May 1986)

Sell $938,635

Costs 637,467

Profit 301,168 or 32% gross (47.2% of cost)

GRAND TOTALS

Sell $14,128,898

Costs 11,101,313

Profit 3,027,585 or 21% gross (27.3% of cost)

Note: Sealift July/August 1986 aborted

Costs about $2,400,000

Sold CIA 1,500,000

Returned to Enterprise - 1,200,000 (300,000 brokers fee to DEFEX)

UNCLASSIFIED

TOTALS OF TRANSACTIONS PRICED EXCLUSIVELY BY SECORD

Sell.	$11,782,723
Costs	9,466,412
Profit	2,316,311 or 19.65% gross (24.5% of cost)

UNCLASSIFIED

23-136

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

23-137

6 pages

Chapter 23 FN # 137

C-4803 thru C-4807 and H-87

DENIED IN

TOTAL

UNCLASSIFIED

(4725)

23-138

UNCLASSIFIED

11 pages

ER-0034 thru ER-0044

Chapter 23, FN# 138

DENIED IN

TOTAL

UNCLASSIFIED

4726

23/139

UNCLASSIFIED

23-139

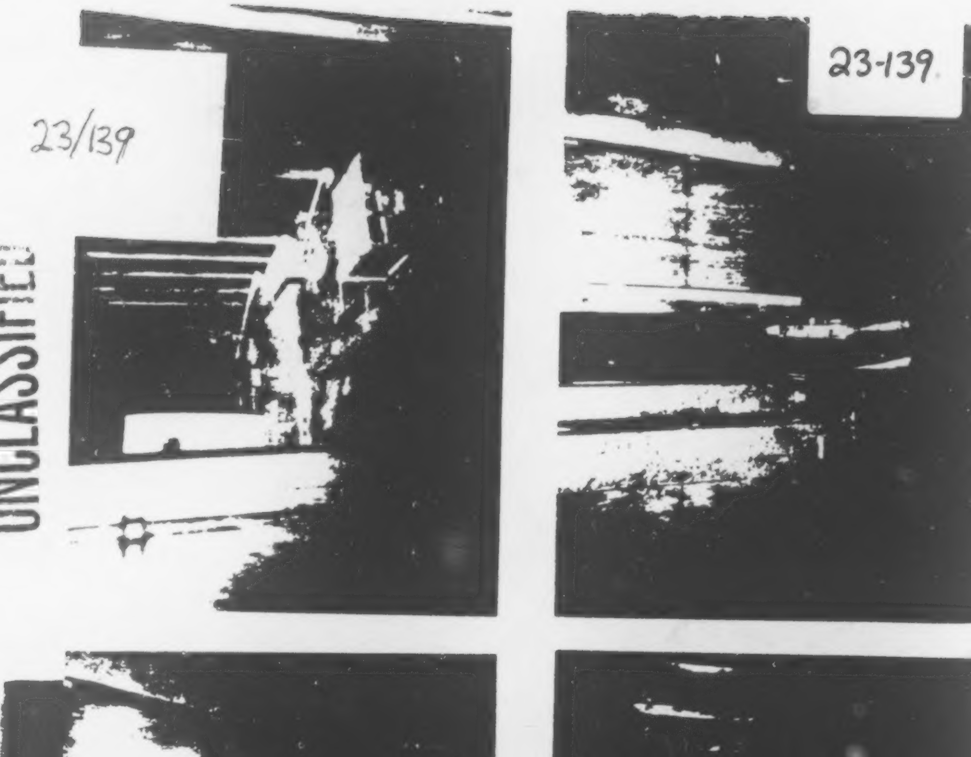


EXHIBIT 0032

(4410)

UNCLASSIFIED

CHAPTER 24. COVERT ACTION IN A DEMOCRATIC SOCIETY

24-39 Copy 14 PW# 39

UNCLASSIFIED

Executive Registry
86-2571/1

C 0616

General Counsel
86-02433

ADDENDUM TO PROCEDURES GOVERNING REPORTING TO THE SENATE SELECT COMMITTEE ON INTELLIGENCE ON COVERT ACTION

1. In accordance with Paragraph 10 of the Procedures Governing Reporting to the SSCI on Covert Action, executed on June 6, 1984, the SSCI and the DCI have jointly reviewed the Procedures in order to assess their effectiveness and their impact on the ability of the Committee and the DCI to fulfill their respective responsibilities under section 501 of the National Security Act of 1947.

2. The Committee and the DCI agree that the Procedures have worked well and that they have aided the Committee and the DCI in the fulfillment of their respective responsibilities. The Committee and the DCI also agree to add the following Procedures set forth below:

- -- In accordance with the covert action approval and coordination mechanisms set forth in NSDD 159, the "advisory" format will be used to convey to the SSCI the substance of Presidential Findings, scope papers, and memoranda of notification.
- -- Advisories will specifically take note of any instance in which substantial nonroutine support for a covert action operation is to be provided by an agency or element of the U.S. Government other than the agency tasked with carrying out the operation, or by a foreign government or element thereof. It is further agreed that advisories will describe the nature and scope of such support.
- -- In any case in which the limited prior notice provisions of section 501(a)(1)(B) of the National Security Act are invoked, the advisory or oral notification will affirm that the President has determined that it is essential to limit prior notice. It is further agreed that in any section 501(a)(1)(B) situation, substantive notification will be provided to the Chairman and Vice Chairman of the SSCI at the earliest practicable moment, and that the Chairman and Vice Chairman will assist to the best of their abilities in facilitating secure

4538

UNCLASSIFIED

7510

UNCLASSIFIED

C 0617

-2-

notification of the Majority and Minority leaders of the Senate if they have not already been notified. It is understood that responsibility for accomplishment of the required notification rests with the Executive Branch.

-- It is understood that paragraph 6 of the Procedures, which requires that the SSCI shall be kept fully and currently informed of each covert action operation, shall include significant developments in or related to covert action operations.

-- The DCI will make every reasonable effort to inform the Committee of Presidential Findings and significant covert action activities and developments as soon as practicable.

3. In accordance with paragraph 4 of the Procedures, the DCI recognizes that significant implementing activities in military or paramilitary covert action operations are matters of special interest and concern to the Committee. It is agreed, therefore, that notification of the Committee prior to implementation will be accomplished in the following situations, even if there is no requirement for separate higher authority or Presidential approval or notification:

-- Significant military equipment actually is to be supplied for the first time in an ongoing operation, or there is a significant change in the quantity or quality of equipment provided;

-- Equipment of identifiable U.S. Government origin is initially made available in addition to or in lieu of nonattributable equipment;

-- There is any significant change involving the participation of U.S. military or civilian staff, or contractor or agent personnel, in military or paramilitary activities.

4. The DCI understands that when a covert action operation includes the provision of material assistance or training to a foreign government, element, or entity that simultaneously is receiving the same kind of U.S. material assistance or training overtly, the DCI will explain the rationale for the covert component.

UNCLASSIFIED

[illegible]

UNCLASSIFIED

C 0618

5. The DCI understands that the Committee wishes to be informed if the President ever decides to waive, change, or rescind any Executive Order provision applicable to the conduct of covert action operations.

6. The Committee and the DCI recognize that the understandings and undertakings set forth in this document are subject to the possible exceptional circumstances contemplated in section 501 of the National Security Act.

7. The Procedures Governing Reporting to the SSCI on covert action, as modified by this agreement, will remain in force until modified by mutual agreement.

Chairman, SSCI

June 10, 1986
Date

William J Casey
DCI

June 17, 1986
Date

Vice Chairman, SSCI

June 5, 1986
Date

UNCLASSIFIED

Executive Registry 7512

UNCLASSIFIED

C 0619

This document is the property of the Senate and remains under its control through the Select Committee on Intelligence. It is provided for limited purposes related to congressional oversight of intelligence activities, on condition that it will not be released or otherwise disseminated without permission of the Committee. Permission is granted to provide it to the Executive Branch personnel whose official duties concern its subject matter, subject to these restrictions and controls.

4539

Procedures Governing Reporting to the Senate Select Committee on Intelligence (SSCI) on Covert Action

The DCI and the SSCI agree that a planned intelligence activity may constitute a "significant anticipated intelligence activity" under section 501 of the National Security Act of 1947 (the "Intelligence Oversight Act of 1980") even if the planned activity is part of an ongoing covert action operation within the scope of an existing Presidential Finding pursuant to the Hughes-Ryan Amendment (22 U.S.C. 2422). The DCI and the SSCI further agree that they may better discharge their respective responsibilities under the Oversight Act by reaching a clearer understanding concerning reporting of covert action activity. To this end the DCI and the SSCI make the following representations and undertakings, subject to the possible exceptional circumstances contemplated in the Intelligence Oversight Act:

1. In addition to providing the SSCI with the text of new Presidential Findings concerning covert action, the DCI will provide the SSCI with the contents of the accompanying scope paper following approval of the Finding. The contents of the scope paper will be provided in writing unless the SSCI and the DCI agree that an oral presentation would be preferable. Any subsequent modification to the scope paper will be provided to the SSCI.

2. The DCI also will inform the SSCI of any other planned covert action activities for which higher authority or Presidential approval has been provided, including, but not limited to, approvals of any activity which would substantially change the scope of an ongoing covert action operation.

3. Notification of the above decisions will be provided to the SSCI as soon as practicable and prior to implementation of the actual activity.

UNCLASSIFIED

[illegible] 75/3

UNCLASSIFIED

C 0620

4. The DCI and the SSCI recognize that an activity planned to be carried out in connection with an ongoing cover[redacted] operation may be of such a nature that the Comm desire notification of the activity prior to impl even if the activity does not require separate hi authority or Presidential approval. The SSCI will, in connection with each ongoing covert action operation, communicate to the DCI the kinds of activities (in addition to those described in Paragraphs 1 and 2) that it would consider to fall in this category. The DCI will independently take steps to ensure that the SSCI is also advised of activities that the DCI reasonably believes fall in this category.

5. When briefing the SSCI on a new Presidential Finding or on any activity described in paragraphs 2 or 4, the presentation should include a discussion of all important elements of the activity, including operational and political risks, possible repercussions under treaty obligations or agreements, and any special issues raised under U.S. law.

6. To keep the SSCI fully and currently informed on the progress and status of each covert action operation, the DCI will provide to the SSCI: (A) a comprehensive annual briefing on all covert action operations; and (B) regular information on implementation of each ongoing operation, with emphasis on aspects in which the SSCI has indicated particular interest.

7. The DCI and the SSCI agree that the above procedures reflect the fact that covert action activities are of particular sensitivity, and it is imperative that every effort be made to prevent their unauthorized disclosure. The SSCI will protect the information provided pursuant to these notification procedures in accordance with the procedures set forth in S.Res. 400, and with special regard for the extreme sensitivity of these activities. It is further recognized that public reference to covert action activities raises serious problems for the United States abroad, and, therefore, such references by either the Executive or Legislative Branches are inappropriate. It is also recognized that the compromise of classified information concerning covert activities does not automatically declassify such information. The appearance of references to such activities in the public media does not constitute authorization to discuss such activities. The DCI and the SSCI recognize that the long established policy of the U.S. Government is not to comment publicly on classified intelligence activities.

UNCLASSIFIED

Executive Registry 7514

UNCLASSIFIED

C 0621

8. The DCI will establish mechanisms to assure that the SSCI is informed of planned activities as provided by paragraphs 1 through 4, and that the Committee is fully and curren[illegible]formed as provided by paragraph 6. The DCI will desc[illegible] mechanisms to the SSCI.

9. The [illegible]CI, in consultation with the DCI when appropriate, will review and, if necessary, refine the mechanisms which enable it to carry out its responsibilities under the Intelligence Oversight Act.

10. The DCI and the SSCI will jointly review these procedures no later than one year after they become operative, in order to assess their effectiveness and their impact on the ability of the DCI and the Committee to fulfill their respective responsibilities.

Barry Goldwater
Chairman, SSCI

06 JUN 1984
Date

William J. Casey
DCI

06 JUN 1984
Date

Vice Chairman, SSCI

06 JUN 1984
Date

UNCLASSIFIED

Executive Registry 7515

UNCLASSIFIED

NSC/ICS 00340

N 44659

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragua [redacted]

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

1/22/88

4540

DERIVATIVE CL BY CIA
☐ DECL ☒ REVW ON 18 Nov 2001
EXT BYND 6 YEARS BY D9d.5
REASON

UNCLASSIFIED

~~SECRET~~
UNCLASSIFIED

Chapter 24 #41
NSC/ICS 00240
Chapter 26 FN# 16
C 06433
12/1/86

~~N~~ 44659

24-41

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragua [redacted]

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

UNCLASSIFIED

Partially Declassified [illegible] on 1/25/88
under provisions [illegible]
by B. [illegible], National [illegible]

4395

DERIVATIVE CL BY CIA
☐ DECL ☒ REVW ON 18 Nov 2001
EXT BYND 6 YEARS BY 39d.5
REASON

1015

UNCLASSIFIED
~~SECRET~~

To	Name and Address	Date	Initials
1			
2			
3			
4			
5			
6			

ACTION	FILE
APPROVAL	INFORMATION
COMMENT	PREPARE REPLY
CONCURRENCE	RECOMMENDATION
DIRECT REPLY	RETURN
DISPATCH	SIGNATURE

REMARKS: CLOSED 7/14/82

SENSITIVE

ORIG. IN NICARAGUA FLD.

Chapter 24 PN# 42

24-42

UNCLASSIFIED

SECURITY CLASSIFICATION

N 44651

NSC/ICS CONTROL NO. 3

HANDLE VIA

THE NSC INTELLIGENCE CONTROL SYSTEM

ONLY

DO NOT FILE OR DESTROY THIS DOCUMENT, RETURN DIRECT TO:

NSC INTELLIGENCE DIVISION

SYSTEM IV CONTROL

ROOM 300

4541

1/25/88

Warning Notice

Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

UNCLASSIFIED

~~SECRET~~

SECURITY CLASSIFICATION

UNCLASSIFIED

25

National Security Council
The White House

Package # 400178
N 44652

82 JUL 12 P12: 03

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	1		
Bud McFarlane	2	HAS SEEN	
Jacque Hill	[redacted]		
Judge Clark			
John Poindexter			
Staff Secretary			
Sit Room			

I-Information A-Ac

cc: VP Meese

COMMENTS

I don't see this really needs to be approved since the earlier finding covers it, but maybe it would be good to get a confirmation since we now have a better idea as to where we are going.
Has been coordinated with STATE, DEF, AG. Put on NSPG agenda: YES — NO —

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

July 12, 1982

N 44653

TO: WILLIAM P. CLARK

FROM: DONALD GREGG

Attached are five copies of the proposed Finding: one for the Vice President, one each for Meese, Baker, and Deaver and one for you.

Attachments

UNCLASSIFIED

INTELLIGENCE
NSC/ICS 400178

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

July 12, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

N 44654

FROM: DONALD GREGG

SUBJECT: Proposed Covert Action Finding on Nicaragua

Director Casey has requested that the attached covert action proposal be dealt with at the 13 July 1982 meeting. This proposed Finding is a direct outgrowth of actions taken under the 1 December 1981 Finding, designed to create opposition to the Sandinista leadership of Nicaragua.

The urgency in dealing with this Finding derives from the fact that the opposition group under Eden Pastora has been developing quickly and that additional actions not covered by previous authority are now being proposed.

The present Finding requests authority to:

-- Provide financial and material support to the anti-Sandinista group.

-- Provide assistance in terms of funding, training and arms supply to the same group.

-- Work with other Latin American and European governments to build international support for the movement.

Questions to Raise. While the overall effort appears to be going well, I would suggest that CIA be questioned as to the form and size of the paramilitary activities which the Pastora group will be undertaking, the targets of these forces and the expected reaction (the rationale appears to be to have the anti-Sandinista forces strike against the Cuban presence in Nicaragua rather than attacking the Sandinista units).

Funding. CIA states that it will not require additional funds for the remainder of this fiscal year.

RECOMMENDATION

OK No

____ ____ Assuming satisfactory answers to the questions indicated above, I would recommend this Finding be approved.

Attachments

Tab I Scope and Finding, NSC/ICS 400178, (Copies 1 thru 5)
Tab II December 1, 1981 Finding & Scope (NSC/ICS 03340)

~~SECRET~~
~~Review on July 12, 2002~~

UNCLASSIFIED

~~SECRET~~

4542

UNCLASSIFIED

N 44655

UNCLASSIFIED

NSC/ICS CONTROL NO. [illegible]

SCOPE OF CIA ACTIVITIES UNDER THE NICARAGUA FINDING

N 44656

Following the President's approval of the attached Finding on Nicaragua, CIA will undertake the following specific activities:

a) the primary activities will be directed at providing financial and material support to democratic Nicaraguan leaders who have become disillusioned with growing Cuban predominance in Nicaragua and with the increasing totalitarian nature of the national FSLN leadership. We will assist these democratic Nicaraguan leaders and their organizations [redacted]

b) as a supplement to the above primary activities, we will aid the democratic Nicaraguan leaders and their organizations in their efforts to increase internal resistance to the FSLN and to create a paramilitary potential to punctuate their resolve to effect changes in Nicaraguan government policies. This assistance will be in the form of funding, arms supply and some training, [redacted] the training being conducted by third country nationals to the [redacted] This activity is to enable the democratic leaders and organizations to deal with the FSLN leadership from a position of strength. The democratic Nicaraguans would be encouraged to [focus the paramilitary operations primarily against the Cuban presence in Nicaragua] and to view these paramilitary forces as a rallying point for the dissident elements of the Sandinista military establishment.

c) to further the above activities, we will work with selected Latin American and European governments, organizations and individuals to build international support for the objectives of the democratic Nicaraguan groups. These selected governments will be encouraged to pressure the Nicaraguan Government to reach an accord with the democratic Nicaraguan elements through negotiations. These foreign governments and international organizations will be encouraged to aid the democratic Nicaraguans in their efforts to eliminate the influence of Cuba and the Soviet Union over Nicaraguan Government policies and actions and to restore freedom and democracy to Nicaragua.

Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by [illegible]

ALL PORTIONS OF THIS DOCUMENT
ARE CLASSIFIED SECRET

RVW 08JUL02
DRV D9C.1
CL BY [redacted]

4543

82-7
Copy No. 6

UNCLASSIFIED

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

N 44657

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Nicaragua	Support and conduct [redacted] covert activities, including paramilitary activities, designed to [redacted] to facilitate the efforts by democratic Nicaraguan leaders to restore the original principles of political pluralism, non-alignment, a mixed economy and free elections to the Nicaraguan revolution. Work with foreign governments and organizations as appropriate to carry out the program.

1/25/88

The White House
Washington, D. C.

4544

SECRET/SENSITIVE

UNCLASSIFIED

N 44658

UNCLASSIFIED

NSC/ICS 03340

N 44659

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragu [redacted]

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

4/2/82

4545

DERIVATIVE CL BY CIA
☐ DECL ☐ REVW ON 18 Nov 2001
EXT BYND 6 YEARS BY D9d.5
REASON

UNCLASSIFIED
~~SECRET~~

N 44660

DENIED IN
TOTAL

24-43

CLASSIFIED AT TIME OF PUBLICATION.

24-44

CLASSIFIED AT TIME OF PUBLICATION.

U[illegible] [illegible]

UNCLASSIFIED
UNCLASSIFIED

24-52

<HEADER>
\MSG FROM: NSJMP --CPUA TO: NSPBT --CPUA 11/22/86 16:56:33
To: NSPBT --CPUA PAUL THOMPSON

-- ~~SECRET~~ --

NOTE FROM: JOHN POINDEXTER

N 19124

<SUBJECT>
Subject: HFAC
<TEXT>
fyi
*** Forwarding note from NSRCM --CPUA 11/21/86 21:01 ***
To: NSJMP --CPUA

*** Reply to note of 11/21/86 19:12

-- ~~SECRET~~ --

NOTE FROM: ROBERT MCFARLANE
Subject: HFAC
Roger John. You must must be pretty well drained after the sessions with the Intel committees. That's not a terribly uplifting experience; I did it a time or two for Ollie. I spent a couple of hours with Ed Meese today going over the record with him. The only blind spot n my part concerned a shipment in November '85 which still doesn't ring a bell with me.

But it appears that the matter of not notifying about the Israeli transfers can be covered if the President made a "mental finding" before the transfers took place. Well on that score we ought to be ok because he was all for letting the Israelis do anything they wanted at the very first briefing in the hospital. Ed seemed relieved at that. CAroline tells me that she hwa arranged for me to meet with the HFAC on Dec 8that 2:00pm. They want it to be closed but for the record. I don't mind either way but will be guided by whatever you all prefer.

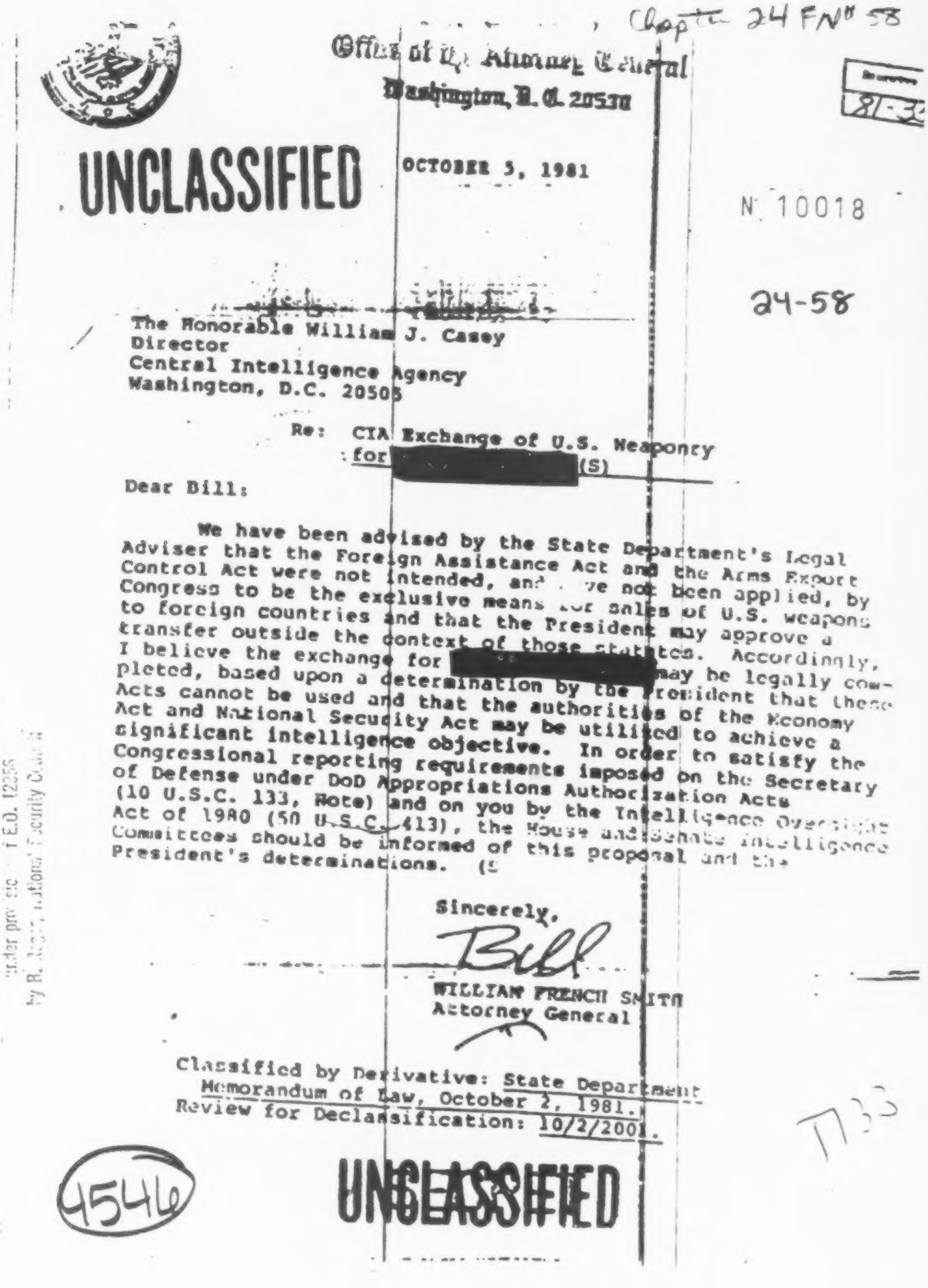
Partially Declassified [illegible] 11/25/87
under [illegible]
by [illegible] National [illegible]

[redacted]

6 May 1987

UNCLASSIFIED
UNCLASSIFIED

353



Chapter 24 FN# 58

Office of the Attorney General
Washington, D.C. 20530

81-3

UNCLASSIFIED

OCTOBER 5, 1981

N. 10018

24-58

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Re: CIA Exchange of U.S. Weaponry
for [redacted] (S)

Dear Bill:

We have been advised by the State Department's Legal Adviser that the Foreign Assistance Act and the Arms Export Control Act were not intended, and have not been applied, by Congress to be the exclusive means for sales of U.S. weapons to foreign countries and that the President may approve a transfer outside the context of those statutes. Accordingly, I believe the exchange for [redacted] may be legally completed, based upon a determination by the President that these Acts cannot be used and that the authorities of the Economy Act and National Security Act may be utilized to achieve a significant intelligence objective. In order to satisfy the Congressional reporting requirements imposed on the Secretary of Defense under DoD Appropriations Authorization Acts (10 U.S.C. 133, Note) and on you by the Intelligence Oversight Act of 1980 (50 U.S.C. 413), the House and Senate Intelligence Committees should be informed of this proposal and the President's determinations. (S

Sincerely,

Bill

WILLIAM FRENCH SMITH
Attorney General

Classified by Derivative: State Department Memorandum of Law, October 2, 1981.
Review for Declassification: 10/2/2001.

Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by R. [illegible], National Security Council

T133

4546

UNCLASSIFIED

THE SECRETARY OF STATE
WASHINGTON

NOT SENT

UNCLASSIFIED UNCLASSIFIED

N 10019

Dear Bill:

As you will recall, the NSPG requested the opinion of the Attorney General as to the legality of a sensitive intelligence collection activity which would involve the transfer [redacted] The objective of this transfer would be the acquisition [redacted]

The Attorney General, after preliminary inquiry, has referred to the Department of State the question of whether the special body of legislation generally governing international arms transfer would preclude the transfer [redacted] which is believed to be an essential precondition to the acquisition [redacted] This Department's Legal Adviser, in consultation with the Justice Department's Counsel for Intelligence Policy and the General Counsels of CIA and DOD, has provided to me the enclosed memorandum of law. In that memorandum, the Legal Adviser concludes that the arms transfer laws do not constitute exclusive authorities, although it is not clear that a transaction of this magnitude was intended to be permitted outside the normal framework of substantive and procedural requirements of the arms export control laws. In the absence of any applicable express prohibition, the Legal Adviser believes that the President has the discretionary authority to approve this proposal as an integral part of an authorized intelligence collection activity.

At the same time, the enclosed memorandum points out certain legal risks, including the possibilities of new

[illegible] on 4/26/88 under provisions of E.O. 12356 by [illegible] National Security Council

The Honorable
William J. Casey,
Director,
Central Intelligence Agency.

4547

UNCLASSIFIED

restrictive legislation [redacted] These risks were not considered by the NSPG and while not legally compelling, would appear to merit its consideration.

Sincerely,

Alexander M. Haig, Jr.

Enclosure:

Memorandum of Law

UNCLASSIFIED

THE LEGAL ADVISER
DEPARTMENT OF STATE
WASHINGTON

N 10021

UNCLASSIFIED
~~SECRET/SENSITIVE~~

October 2, 1981

MEMORANDUM OF LAW

SUBJECT: Legal Authority for the Transfer of Arms Incidental to Intelligence Collection

Introduction

This memorandum examines the legal basis for a proposed covert transfer of [redacted] from the stocks of the Department of Defense to the Central Intelligence Agency and from the Central Intelligence Agency to [redacted] This transfer would be an essential precondition to the acquisition [redacted]

Analysis

The Congress has enacted a number of statutes specifically dealing with the international transfer of arms by the United States, contained chiefly in the Foreign Assistance Act of 1961 (hereafter "the FAA") and the Arms Export Control Act (hereinafter "the AECA"). Any examination of the legality of the proposed transaction should begin with the question of whether any of these statutes is necessarily applicable in these circumstances.

At the outset, it should be noted that since this proposed transfer of U.S. arms would be a cash sale, laws dealing with grants of defense articles and with "assistance" to foreign countries are not applicable. In this regard, former section 640 of the FAA (79 Stat. 661) provided that references in that Act to "assistance" would not be construed as applicable to cash sales of defense articles. This rule of construction is preserved by section 45(c) of the AECA (22 U.S.C. 2751 note) stating that no provision of law (with certain exceptions not here relevant) shall be deemed to apply to that Act unless it refers specifically thereto or refers generally to sales of defense articles and services. When section 45(c) was enacted in 1968, the report of the House Committee on Foreign Affairs explained its purpose as follows:

4548

UNCLASSIFIED
~~SECRET/SENSITIVE~~

> "The second sentence [of subsection (c)] continues in force after the repeal of section 640 of the FAA by subsection (a) the rule of construction contained therein that restrictions which do not refer specifically to sales of defense articles and defense services and are phrased only in general terms of prohibiting "assistance" do not apply to sales." H.R. Rep. No. 1641, 90th Cong. 2d Sess., p.14 (1968).

These expressions of legislative intent--in the Foreign Assistance Act, the Arms Export Control Act, and the above-quoted committee report--show that Congress does not regard cash sales of defense articles"as constituting assistance" for purposes of laws prohibiting assistance to foreign countries. Therefore, it is unnecessary to consider restrictions such as those contained in section 620(i) of the FAA (22 U.S.C. 2370(i)) on assistance to nations engaged in aggressive military efforts, or section 620(t) of the FAA (22 U.S.C. 2370(t)) [redacted]

Certain categories of military equipment may be transferred only under specified authorities or after compliance with certain procedures. In particular, section 514(a) of the FAA requires that any defense article in the DOD inventory "which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country" may be transferred to a foreign country only under the authority of the FAA or the AECA. In addition, 10 U.S.C. 957 prohibits any "sale outside the Department of Defense" of any defense article classified "as Prepositioned Material Configures to Unit Sets, as decrement stock, or as Prepositioned War Reserve Stocks" unless the President determines and reports to Congress that certain criteria relating to an international crisis are met. Further, section 813 of P.L. 94-106, as amended (10 U.S.C. 133 note), requires a report to Congress in the case of "any proposal to transfer defense articles which are valued at $25,000,000 or more from the United States active forces' inventories or from current production.

The General Counsel of the Department of Defense has determined that [redacted] proposed to be transferred in this case will all come from active forces' inventories and from current production. Accordingly, the first two of the three statutes described in the preceding paragraph do not apply. However, the third statute does require a report to Congress by the Secretary of Defense.

Although the applicable statute does not specify the form or the precise recipients in Congress of such a report, the practice has been to furnish reports of transfers from active forces' inventories and new production in writing to the Speaker of the House and the President of the Senate, with copies to the Armed Services Committees. In light of this practice, it would seem prudent to offer at least an oral report to the chairmen of the Armed Services Committees, explaining that the proposed transfer is one of great sensitivity and is being reported on in detail to the Intelligence Committees. (It is understood that the Intelligence Committees will be informed in accordance with the usual procedures for providing notification of significant anticipated intelligence activities in accordance with section 501 of the National Security Act of 1947 (50 U.S.C. 413).)

Arms sales by the United States to foreign countries are expressly authorized by the Arms Export Control Act. Specifically, section 21(a) of the AECA (22 U.S.C. 2761(a)) authorized the President to make cash sales to foreign countries of defense articles from the stocks of the Department of Defense. However, it is clear that the requirements of the AECA cannot be met in this case. The principal relevant requirements are as follows:

--Sales may be made only to countries with respect to which the President has found such sales will strengthen the security of the United States and promote world peace (§ 3(a)(1), 22 U.S.C. 2753 (a)(1));

-- The articles may be sold only for use for legitimate purposes and the recipient country must agree to use the arms only for legitimate (e.g., self defense) purposes, not to retransfer them without USG consent, and to maintain their security (§§ 3(a)(2) and (3), 4, 22 U.S.C. 2753(a)(2) and (3), 22 U.S.C. 2754);

--A report of the proposed sale of major defense equipment valued at $7 million or more must be submitted to Congress, which may disapprove the sale by concurrent resolution within 30 days after receiving such report (§ 36(b), 22 U.S.C. 2776(b)).*

---

*Congressional review under section 36(b) may be waived personally by the President if he certifies to Congress that an emergency exists which requires the sale in the national security interest. However, this authority has been exercised only once in the seven years since section 36(b) was enacted in 1974 (for Yemen in 1979, see Presidential (Footnote continued next page)

UNCLASSIFIED ~~SECRET/SENSITIVE~~ N 10024

In the case [redacted] the President has made no determination of eligibility under section 3(a)(1) of the AECA. It is at least questionable whether [redacted] use of the U.S. arms [redacted] could be characterized as a legitimate use of force in self defense (see the definition of aggression set forth in UNGA Res. 3314 (XXIX) (1974)). Congressional review is obviously impractical and acceptance of this transfer by Congress might be unobtainable in any event.

In view of the foregoing, it seems clear that a transfer under the authority of the AECA is impracticable. Accordingly, it has been proposed that DOD transfer the weapons to CIA under the authority of section 601 of the Economy Act of 1932 (31 U.S.C. 686), which permits one federal agency to order equipment from another on a reimbursable basis to carry out an authorized activity of the requesting agency. It is then proposed that CIA effect the transfer [redacted] under the sweeping authority granted to that agency by section 102(d) of the National Security Act of 1947 (50 U.S.C. 403(d)). Section 102(d) provides that it shall be the duty of CIA, under NSC direction, to perform services of common concern for the benefit of existing intelligence agencies and to perform "such other functions and duties relating to intelligence affecting the national security as the National Security Council may from time to time direct."

The proposed reliance upon the Economy Act and the National Security Act, neither of which contains any explicit reference to arms transfers, gives rise to the question of whether the Arms Export Control Act, which contains a comprehensive framework of policy guidance, substantive authorities (and limitations of authority), and procedures specifically addressed to international sales of arms by the United States is a preemptive statue which, by implication, precludes reliance upon the more general authorities of DOD and CIA.

---

*Footnote con't
Determination No. 79-6 of March 7, 1979, 44 Fed. Reg. 18633). That single instance provoked intense Congressional interest. See Hearings on Proposed Arms Transfers to the Yemen Arab Republic before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, 96th Cong., 1st Sess. (1979). Any future determination under section 36(b) would require publication of a notice in the Federal Register under section 654(c) of the FAA (22 U.S.C. 2414(c)). Such a publication would obviously be incompatible with the covert nature of the proposed transaction.

UNCLASSIFIED ~~SECRET/SENSITIVE~~

UNCLASSIFIED

N 10025

It seems clear that Congress has not regarded the FAA and the AECA as an exclusive body of law fully occupying the field with respect to U.S. arms tranfers. There are several illustrations where Congress, having been made aware of transfers to foreign countries outside that body of specific authorities, has reacted by enacting limited restrictions or reporting requirements rather than by prohibiting such transfers altogether.

One set of examples involves DOD's authority to lease non excess property "not for the time needed for public use" (10 U.S.C. 2667). When Congress considered the previous use of that authority to transfer small naval vessels to foreign countries it amended 10 U.S.C. 7307 to impose new reporting requirements. See P.L. 93-365,§ 702,88 Stat. 405 (1974). Similarly, when Congress considered the use of this leasing authority to transfer helicopters to El Salvador in 1980 it established a new reporting requirement covering all major leases to foreign governments. See P.L. 96-533. § 109,94 Stat. 3137 (1980). However, it did not challenge the lawfulness of previous transfers by lease or prohibit such transfers in the future.

More directly in point are the examples of Congressional action with respect to covert arms transfers conducted by CIA. These include section 513(b) of the FAA (22 U.S.C. 2321 f(b)) enacted in 1974 and precluding non-FAA or AECA funding for military assistance to Laos; section 662 of the FAA (22 U.S.C. 2422), also enacted in 1974 and requiring Presidential approval of and reports to Congress on CIA "operations in foreign countries other than activities intended solely for obtaining necessary intelligence";* and section 404 of P.L. 94-329,90 Stat. 757) enacted in 1976 and prohibiting assistance for military or paramilitary operations in Angola.* All of these statutes were enacted against a background of

---

*The reporting requirements of section 662 were superseded by section 407 of P.L. 96-459, 94 Stat. 1981 (1980), which added a new section 501 to the National Security Act of 1947, entitled "Congressional Oversight" (50 U.S.C. 413).

**Section 404 was superseded in 1980 by section 118 of P.L. 96-533, which reenacted the 1976 prohibition with minor changes (22 U.S.C. 2293 note).

UNCLASSIFIED
~~SECRET/SENSITIVE~~

covert actions, including arms transfers. Although the language in the relevant committee reports is rather circumspect in this regard, the legislative history of the prohibition on assistance to Angola is especially instructive. That prohbiition was amended in the committee of conference to add the words "notwithstanding any other provision of law." The reason for this amendment was explained in the conference report as being "to make clear that the prohibition on security assistance [i.e., arms transfers] is not limited solely to assistance furnished pursuant to this Act." H.R. Rep. No. 94-1913, 94th Cong. 2d Sess., p.70 (1974). The reference to "this Act" meant the International Security Assistance And Arms Export Control Act of 1976 (P.L. 94-329, 90 Stat. 729), which amended extensively both the FAA and the AECA. Moreover, the prohibition was enacted as a companion to the so-called "Tunney amendment" to the FY1976 DOD Appropriation bill (H.R. 9861, 94th Cong. 1st Sess. (1975) That amendment deleted funds intended for use by CIA to provide covert military assistance, including arms transfers, in Angola. See debates at 121 Cong. Rec. 40872-40873, 41196-41212, 41564, 41617-41623 (1975).

The CIA General Counsel advises that, since the enactment in 1974 of the above-described legislation on reports to Congress of covert actions, several reports have been made of covert actions involving arms transfers to foreign countries by CIA and Congress has acquiesced in such transfers. This fact, together with the above-discussed record of limited Congressional action to deal with international arms transfers made in the past outside the framework of the security assistance laws, provides a sound legal basis for concluding that the AECA is not an exclusive authority for arms sales to foreign governments.

There remains, however, a difficult issue of judgment that is presented because of the amount of this particular transfer, the nature of the equipment, and the controversial character of the intended recipient. I am unaware of any covert arms transfer in recent years which has so directly confronted the central purpose of the Arms Export Control Act that large transfers of major defense equipment to volatile regions such as [redacted] should be carried out under effective policy [illegible] the Congress, with careful Executive Branch deliberations encouraged by the need to subject their outcome to Congressional review. See S. Rep. No. 94-605, 94th Cong., 2d Sess., pp. 4-8 (1976). While the Arms Export Control Act is not an exclusive statutory authority, it surely was intended to be the primary basis

UNCLASSIFIED
~~SECRET/SENSITIVE~~

for international arms transfers. Other authorities have been invoked only as exceptions to this generally applicable law and have not been treated as complete alternatives. At some point, the use of an exceptional authority would defeat the purpose of the generally applicable legislation.

In the absence of a clear line drawn by Congress, I believe the President has the discretion to decide that this case is not a circumvention of the law in view of its primary intelligence collection objective, the high priority attached to the particular objective here involved, and the practical impossibility of using the at least partially open procedure of the Arms Export Control Act. However, if the President were to make such a judgment, and if the transaction were later to become public [redacted] it would be difficult to defend publicly the legal rationale for proceeding in the manner proposed if it also continued to be necessary to keep secret the specific intelligence objective that motivated the transfer and the extraordinary value of that objective.

Should there result a belief in Congress that the President had exceeded the bounds of permissible exceptions to the Arms Export Control Act, the legal consequences would be of a legislative character. A criminal prosecution would be unlikely since export licensing requirements do not apply to exports by government agencies for carrying out programs authorized by law and subject to the President's control (see 22 U.S.C. 2778(b)(2)); presumably, a decision to go forward would proceed on the basis that CIA's authority, although unclear, is sufficient. A civil action against Government officials challenging the legality of the transfer would seem unlikely to prosper given the political character of the questions presented. However, there would seem to be a genuine risk of new legislation to prohibit arms transfers outside the Arms Export Control Act and Foreign Assistance Act. If enacted, such legislation could be a serious impediment to the relatively small but nevertheless important covert transfers that CIA is presently able to carry out.

[redacted]

Conclusion

Although the matter is not entirely free from doubt, I believe (and the General Counsels of DoD and CIA concur) that the President has the discretionary authority to proceed with the proposed activity under the National Security Act of 1947. To do so would present legal risks, chiefly that Congress might challenge his decision and enact new, restrictive legislation. [redacted]

If the President decides to proceed, reports to the

Intelligence and Armed Services Committees of Congress would be necessary. In addition, it might help to reduce the risk of an adverse legislative reaction if the chairmen of the House Foreign Affairs and Senate Foreign Relations Committees were informed.

Davis R. Roninson

UNCLASSIFIED

N 10030

OGC 81-07880
15 September 1981

MEMORANDUM FOR: General Counsel

FROM: W. George Jameson
Assistant General Counsel

SUBJECT: Sale of U.S. Military Weapons (S)

1. The question is whether CIA has the authority to engage in an intelligence collection activity that results in CIA's acquisition of [redacted] The Army requested CIA's assistance in the activity after being approached by someone able to obtain the [redacted] It is proposed that CIA conduct the activity and that DoD and CIA share in the benefits. (S)

2. Executive Order 12036, section 1-807, provides that CIA shall coordinate the collection outside the U.S. of intelligence information not otherwise obtainable. Section 1-809 provides CIA shall conduct services of common concern for the Intelligence Community as directed by the NSC. There is no doubt that CIA could purchase the [redacted] since CIA also can expend funds, notwithstanding any other provisions of law, for purposes necessary to carry out its functions. 50 U.S.C. § 403j (section 8 of the CIA Act of 1949). Moreover, CIA can transfer and receive funds to or from DoD, after OMB approval, to perform its functions without regard to any law limiting transfers between appropriations, 5 U.S.C. § 403f, and can cooperate with DoD in the provision of funds, services, or materials pursuant to 31 U.S.C. § 686 (the Economy Act). One agency may assist another agency under the Economy Act only if the requestor has legal authority to engage in the activity itself but cannot do so as a matter of convenience. Thus, to the extent the intelligence activity involves the transfer and expenditure of funds, CIA has ample legal authority. The authority to transfer the military weapons in return for a valuable intelligence gain seems also to exist, but is less clear. (S)

UNCLASSIFIED

Original Cl By [redacted]
Review on 14 September 2001
Ext Bynd 6 Yrs By 986573
Reason 3d.3

3. Historically, CIA has engaged in so-called accommodation procurements to provide articles to foreign cooperating governments. While there is no express authority for CIA to engage in such activity, this Office has held that CIA has inherent and implicit authority pursuant to section 8 to purchase goods or services on a reimbursable basis for transfer abroad. (For example, past arrangement for contractual services in assisting Iran.) The instant case, however, involves the provision by CIA of military weapons that arguably may be subject to the export provisions of the Foreign Military Sales Act (FMSA). (S)

4. It is my view that the FMSA is inapplicable to the present case. That Act provides congressional authorization for measures in the common defense of friendly countries against internal or external aggression. It is primarily a military assistance statute that enables the President to furnish defense articles and other military aid to such countries for internal security and legitimate self-defense activities consistent with U.S. national security objectives. 22 U.S.C. § 2301, et seq. It does not purport to limit the Government's intelligence-gathering activities, nor does it legislate all transfer of military weaponry abroad. Military sales are specifically addressed in the Arms Export Control Act (AECA), 22 U.S.C. § 2751, et seq. In section 2751, Congress recognized that the United States has an interest in mutual defense arrangements with foreign governments, and established a military sales program to further that purpose, consistent with the purposes of the FMSA and other foreign assistance programs, and with the U.S. policy to reduce international trade in weaponry. Export of defense articles is limited; for example, transfers generally shall not be approved to human rights violators, 22 U.S.C. § 2751; and transfer to third countries must be controlled, 22 U.S.C. § 2753(a). Nevertheless, the Act authorizes the President to waive these restrictions, provided he informs the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate. Notice to Congress must provide an unclassified certification that need not reveal the details of the transaction, but a classified report must include the identity of the recipient, the cost of the article transferred, and the reasons for the proposed transfer. In emergency situations, the President's consent to the transfer can be immediate, otherwise Congress has 30 days to object. 22 U.S.C. § 2753(d)(2). The President also can transfer items to governments that aid or abet terrorists if he finds the national security justifies it and so reports to Congress. 22 U.S.C. § 2753(f). (S)

5. The Arms Export Control Act, like the FMSA, limits sales to friendly countries solely for security and self-defense, 22

UNCLASSIFIED

032

U.S.C. § 2754, and enables DoD to sell defense articles directly from its existing stocks. 22 U.S.C. §2761. The implication, unstated, is that the Act anticipates commercial transactions involving contractors involved in traditional buyer/seller arrangements to be the norm, and the credit terms authorized by the law support the view that the law is geared towards assistance, not intelligence gathering. The only reference in the Act to intelligence appears at 22 U.S.C. § 2751, wherein Congress expresses a preference to limit the aggregate value of defense articles exported under § 2778 for the use of police, armed, intelligence or internal security forces under a commercial sales contract to then-existing levels. Section 2778 authorizes the President to restrict the export of defense articles by controlling commercial licensing. However, no license is required for exports or imports made by or for a U.S. Government agency for official use. 22 U.S.C. § 2778(b)(2)(A). While this section clearly eliminates the licensing requirement for any CIA exports, regardless of the origin, and enhances CIA's ability to surround its exports in a cloud of secrecy, there is no indication the revision does anything more than control exports by commercial contractors. (S)

6. The foregoing statutes, read together, represent the intent of Congress to control official U.S. military assistance of weapons or services that can be given to countries friendly to the United States for mutual defense purposes and to control the export of defense articles in order to achieve world peace and curtail commercial arms dealings. The proposed intelligence activity is not a substitute for an overt weapons sale [redacted] which is not considered a friendly country, and to which aid cannot be provided under the Act at the present time, absent an amendment to existing policies and regulations. (S)

7. The transaction is not being accomplished under the authority of these Acts, however, but under CIA's authority to collect intelligence and provide services of common concern to the Intelligence Community. No funds appropriated under the FMSA or AECA are being utilized, but some of the [redacted] are derived from such appropriations and were found in DoD stockpiles. The President may sell defense articles from such stockpiles to any eligible country. 22 U.S.C. § 2761. The central question, therefore, is whether the Army can provide CIA with defense weapons earmarked for FMSA/AECA treatment without acting under the limitations of those Acts. If DoD can provide CIA the weapons, CIA can complete the transaction. (S)

8. There is no clear precedent for this transaction. Previous transfers of weapons or technology by CIA can be

UNCLASSIFIED

distinguished, in one instance because weapons were not of U.S. origin, and they never entered the U.S. In brief, the arguments are as follows: On the one hand, it may be argued that the Army may request CIA for assistance under the CIA Act or the Economy Act to purchase[redacted] Certainly CIA can expend funds to do so and would be reimbursed for its efforts. Similarly, CIA under those provisions could request funds from the Army to collect the intelligence. However, CIA can utilize the CIA Act to receive Army weapons in order to carry out its functions, but the Army can transfer the weapons to CIA only pursuant to its own statutory or regulatory authority. Assuming such authority exists, the Army also seems to be able to utilize CIA to carry out sales and assistance under the FMSA and AECA. CIA normally is not subject to those acts in transacting accommodation procurements for a foreign government directly with a vendor, since CIA merely serves as a conduit and does not engage in an actual sale or provision of defense articles, and no funds are authorized for CIA to provide foreign assistance under those Acts. (S)

9. According to the information provided us, the activity in question is a joint effort of the DoD and CIA. CIA has listed the[redacted] (S)

10. The FMSA and AECA do not present insurmountable legal obstacles in the carrying out of the CIA's desire to obtain[redacted] If the transaction involved a cash purchase, there would be no legal impediment to effect the transaction. The requirement that the transaction be in barter does present certain problems. There is very little precedent on point. Certainly, if it should be concluded that the means to effectuate the transaction are merely a way to avoid the FMSA or AECA, then, of course, the transaction is flawed. That is not the case under the present circumstances. There is a legitimate intelligence-gathering objective and, instead of using dollars which could be utilized to purchase the U.S. weapons in question, the selling country has asked for a combination of cash and weapons. Under these circumstances it can reasonably be concluded that we do have a legitimate intelligence-gathering activity which is not subject to the FMSA, the AECA or precluded by any other provision of U.S. law. (S)

11. It is obvious that this analysis cannot be carried too far. For example, the CIA cannot be permitted to negotiate an

UNCLASSIFIED

arrangement under which highly sophisticated and important U.S. weaponry is delivered for a modest intelligence benefit. This, of course, would involve an attempt to circumvent the spirit of the FMSA and AECA. This is clearly not the factual setting that now presents itself. Here we have an extremely important intelligence-gathering opportunity with a requirement that we provide U.S. weapons of an unsophisticated and conventional kind, [redacted] Indeed, before the transaction is completed, [redacted] insists on inspecting the weaponry to make sure it is usable. It is the high return versus the low grade of the equipment to be given up that makes this transaction fall within permissible bounds. However, the barter aspect of the transaction is a minor or incidental part of a major intelligence-gathering operation. Because of the closeness of the question, the transaction should be brought to the attention of the Departments of State and Defense and the Attorney General and receive their approval before implementation. (S)

W. George Jameson
W. George Jameson

UNCLASSIFIED

SECRET

Office of Intelligence Policy and Review

Washington, D.C. 20530

N 10035

UNCLASSIFIED

SEPTEMBER 18, 1981

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: — Proposed Exchange [redacted]

Conclusion

You have been asked by the NSPG for your opinion regarding whether CIA may provide a sizable amount of cash and a number of [redacted] without regard for the provisions of the Military Assistance and Sales provisions of the Foreign Assistance Act (22 U.S.C. 2301, et. seq., "FMSA") and the Arms Export Control Act (22 U.S.C. 2751, et. seq., "AECA"). My conclusion is that while every effort should be made to facilitate this transaction, those statutes must be taken into account before such a transfer of DoD weapons to this foreign government may be accomplished. These statutes are exceedingly complex, however, and can only be applied on a case-by-case basis. The information we have received is vague and incomplete and there are a number of significant unanswered questions that could be determinative as to whether and how these statutes apply to this case. It is likely that a body of precedent and interpretation has been developed in the application of these laws that can be relied upon to consummate this transaction. I recommend that this question be brought to the attention of appropriately cleared attorneys at the State Department who are intimately familiar with these statutes and will assist in pursuing this matter in accordance with relevant provisions of law. (S)

Classified by Derivative: CIA Memorandum, dtd. Sept. 15, 1981.
Review for Declassification: Sept. 14, 2001.

UNCLASSIFIED

Discussion

N 10036

This proposal has proceeded thus far on the basis of the conclusion that the FMSA and AECA only apply to military assistance programs with friendly countries and not to transfers of U.S. weapons to other countries for important intelligence purposes. The proposal also appears to be premised on several very important, but unsubstantiated, assumptions including that DoD has the authority to provide the weapons to CIA for transfer to [redacted] that the weapons are not being drawn from an inventory or stockpile of weapons that are subject to the FMSA, and that there will be no direct or indirect expenditure of funds appropriated under the FMSA. A review of the face of the statutes and a limited portion of the legislative history raises several difficult ~~questions that~~ should be resolved in order for this exchange to proceed. (S)

The major difficulty is the conclusion that the FMSA and AECA are intended to apply only to overt sales of U.S. weapons to eligible friendly foreign countries and do not relate at all to other transfers of the same weapons so long as accomplished secretly, through another agency and where enhancement of the recipient's military capabilities is not the primary purpose of the transfer. The obvious problem with this approach is that it would have the effect of requiring the many and detailed limitations and notice provisions of the statutes to be observed when arms are being transferred to friends or allies for certain purposes, but not require such controls to be respected when an unfriendly country, or even a friendly country for an intelligence purpose, is involved. A country hostile to the U.S. that engages in military aggression, supports international terrorism is communist dominated or controlled, participates in nuclear proliferation without regard to international controls, acts to the financial detriment of U.S. citizens or enterprises, and subjects its citizens to gross violations of human rights could be provided U.S. weaponry with relative impunity, so long as the purpose is appropriate, while a friendly country involved in any one of these activities would be subject to sanctions and specia procedures. See e.g., 22 U.S.C. 2304(a)(2), 2370(b), (c), (e), (h), (i), (j), (t), 2371, 2429, 2753(a), (f), 2775. (S)

While the scope of the statutes is not entirely clear, I believe the better view is that Congress intended to preempt the field and provided these Acts as the sole means for furnishing U.S. weapons to foreign governments. It is true that several provisions refer to "friendly" countries and could be relied upon to argue that a limited application was intended. See, e.g., 22 U.S.C. 2301 (congressional intent to improve ability of friendly countries to deter aggression), 2311(a) (President authorized to furnish military assistance to

UNCLASSIFIED

N 10037

friendly countries when doing so will strengthen U.S. security), 2751 (U.S. policy to facilitate common defense through international agreements with friendly countries), 2754 (U.S. military sales to friendly countries are authorized solely for internal security and self- and collective defense). (S)

However, there are at least an equal number of instances where the statutes refer to "any" or "any eligible" country, thereby implying a broader intent and coverage. See, e.g., 22 U.S.C. 2302 (defense articles may be furnished to any country solely for internal security or self- or common defense), 2304(a)(2) (no security assistance may be provided to any country where the government consistently violates human rights), 2321b (Congress must be notified of decisions to provide certain excess defense articles to any country), 2321h (defense articles set aside for any foreign country cannot be provided to any foreign country unless authorized, and charged against funds authorized, under the Acts), 2370(i) (no assistance to any country engaging in military aggression), (j) (President to consider terminating assistance to any country failing to control mob action against U.S. property), (t) (no assistance to any country without U.S. diplomatic relations) 2371, 2753(f), (end assistance for one year for any government granting sanctuary to international terrorists), 2393a (no funds expended to carry out any provision in any country more than 35 days after an unanswered GAO or Congressional information request), 2429 (no funds expended for military assistance to any country that engages in nuclear proliferation), 2753 (no defense articles to be exported to any country that does not meet stated eligibility requirements), 2761 (President may sell defense articles from DoD stocks to any eligible country), 2775 (any less developed country diverting resources to unnecessary military efforts is ineligible). Furthermore, it is not surprising that Congress would not contemplate discussing the contours of, or codify a specific, detailed legislative system for, furnishing military assistance to unfriendly governments. (S)

In addition, the definitions of crucial terms used throughout the statutes are drawn in broad, unlimited fashion. Thus, "security assistance" includes any military assistance under the FMSA and sales of defense articles under licenses to export defense articles under the AECA. 22 U.S.C. 2304 (d)(2). "Defense articles" under both Acts includes any surplus defense articles owned by the U.S. and initially procured for U.S., not foreign, military purposes, 22 U.S.C. 2321c, 2403(g), 2794(1), and "foreign country" includes any department, agency or independent establishment of a foreign country. 22 U.S.C. 2321c(2). (S)

UNCLASSIFIED

It may be argued that only transactions that can be characterized as deliberately and primarily intended to strengthen foreign military capabilities, *i.e.*, "assistance programs", are covered by the Acts and they do not apply when this is only an incidental, albeit natural, consequence of the activity. This view is difficult to square with the nature and tone of the relevant provisions which more clearly support the conclusion that Congress did not intend to allow the Executive to have unfettered discretion to transfer U.S. weaponry to unfriendly or ineligible countries or to any country for intelligence purposes. Rather, the statutes are drafted in limited terms that convey a Congressional intention to exert control over the distribution of U.S. weapons and not to allow such materials to be provided to countries that do not meet the statutory terms. (S)

The statutory provisions include both general and specific language that seems to belie any intention to narrow the extent to which the Acts relate to transfers of U.S. weapons. Section 2321h(2), for example, states that:

> *[n]o defense article* in the inventory of the Department of Defense which is set aside, reserved, *or in any way earmarked or intended for future use by any foreign country* may be made available to or for use *by any foreign country* unless such transfer is authorized under this chapter or the Arms Export Control Act, or any subsequent corresponding legislation, and the value of such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred . . . . (Emphasis added.)

More specific controls include the limitation in the provision authorizing the President to provide military assistance to allow its exercise only as to "eligible" countries and instances where doing so will strengthen U.S. security and promote world peace. 22 U.S.C. 2311(a), 2753. Grants, *i.e.*, gifts, rather than sales or loans, of assistance are authorized to only certain countries and with very stringent controls and Congressional notice requirements. 22 U.S.C. 2312, 2314, 2321b. Assistance to Communist countries and countries acting in ways detrimental to U.S. property interests, that have no diplomatic relations with the U.S., or support terrorists or nuclear proliferation, is

UNCLASSIFIED

either barred or limited by the statutes. 22 U.S.C. 2370, 2371, 2429, 2753. Further, although the Congress may not have had transfers for intelligence purposes in mind when it addressed this area, there is no indication of any such exclusion or reservations in the statutes or the limited legislative history that was examined. (S)

Even if the provisions of these statutes must be applied here, however, it does not follow necessarily that this transaction cannot be consummated. The FMSA and AECA each authorize the President to transfer defense articles in the national interest immediately in an unforeseen emergency. 22 U.S.C. 2318, 2753(d). The FMSA authorizes the President to approve the transfer of defense articles "procured to carry out this chapter "from DoD to other U.S. Government agencies "in lieu of being disposed of to a foreign country" whenever determined by the President to be in the best interests of the U.S. 22 U.S.C. 2355. These items may then be disposed of by the recipient agency without regard to laws governing such disposal when necessary to prevent their "wastage" or "to conserve their usefulness". Id. The President is also authorized to furnish military assistance without regard to the FMSA or AECA limitations when he determines that to do so is important to U.S. security. 22 U.S.C. 2364. Many of the other limitations, even those regarding proliferation, aggression, terrorism and damage to U.S. interests, provide some room for Presidential determinations and assurances. 22 U.S.C. 2370, -71, 2429. The agreed meaning and application of these provisions in the past is very important in determining whether they may be involved in this case. The fact that most of the Presidential authorities are subject to Congressional notification should not pose a problem since it is intended that the Congress be advised of this exchange [redacted] (S)

In addition to the basic questions relating to the applicability of the statutes, the basic assumptions also raise certain questions. For example, CIA may not be authorized to perform this service for DoD under the Economy Act unless DoD would be authorized to transfer the weapons [redacted] Whether these weapons are being drawn from DoD "stocks", "excess" or "inventory" and whether funds appropriated under the FMSA will be directly or indirectly involved are also pivotal issues. The legislative history makes clear that Congress intended that furnishing excess defense articles from DoD stocks to any country should be treated under the FMSA since it would be an "expenditure" credited against funds appropriated under the FMSA. 1974 U.S. Code Cong. & Ad. News 6694-95. There is other evidence of Congress' concern that any transfers of materials from DoD "stockpiles" be reported to Congress and treated under the FMSA and AECA. 1980 U.S. Code Cong. & Ad. News 6561. Official, non-commercial, transfers of DoD weapons may in fact be covered

UNCLASSIFIED

by the AECA even though no license is required since that statute is clearly tied to the FMSA, 22 U.S.C. 2751, and refers specifically to the conditions required for sales from DoD stocks. 22 U.S.C. 2754, 2761. (S)

The need to resolve these ambiguities is made more serious by the fact that this proposal presents significant policy considerations that require extra attention to both the letter and spirit of these laws in order to provide satisfactory responses to subsequent Congressional inquiries. [redacted]

This transaction is obviously very important and every lawful means should be explored to facilitate the exchange [redacted] It may be that the statutes in question do not present any difficulty at all and do not in fact relate to such transfers so long as not for "military assistance purposes". I believe that there are lawyers at the State Department who can assist in resolving these questions, however, and who should be consulted before proceeding further. (S)

A. R. CINQUEGRANA
Deputy Counsel for Intelligence Policy
Office of Intelligence Policy and Review

UNCLASSIFIED [redacted]

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and due to its extreme sensitivity and security risks, I determine it is essential to limit prior notice, and direct the Director of Central Intelligence to refrain from reporting this Finding to the Congress as provided in Section 501 of the National Security Act of 1947, as amended, until I otherwise direct.

SCOPE	DESCRIPTION
Iran	Assist selected friendly foreign liaison services, third countries and third parties which have established relationships with Iranian elements, groups, and individuals sympathetic to U.S. Government interests and which do not conduct or support terrorist actions directed against U.S. persons, property or interests, for the purpose of: (1) establishing a more moderate government in Iran, (2) obtaining from them significant intelligence not otherwise obtainable, to determine the current Iranian Government's intentions with respect to its neighbors and with respect to terrorist acts, and (3) furthering the release of the American hostages held in Beirut and preventing additional terrorist acts by these groups. Provide funds, intelligence, counter-intelligence, training, guidance and communications and other necessary assistance to these elements, groups, individuals, liaison services and third countries in support of these activities. The USG will act to facilitate efforts by third parties and third countries to establish contact with moderate elements within and outside the Government of Iran by providing these elements with arms, equipment and related materiel in order to enhance the credibility of these elements in their effort to achieve a more pro-U.S. government in Iran by demonstrating their ability to obtain requisite resources to defend their country against Iraq and intervention by the Soviet Union. This support will be discontinued if the U.S. Government learns that these elements have abandoned their goals of moderating their government and appropriated the materiel for purposes other than that provided by this Finding.

Ronald Reagan

The White House
Washington, D.C.
Date January 17, 19[illegible]

OGCR TS 0801-86
Copy 1

UNCLASSIFIED [redacted]

N 10041 and N 10042

DENIED IN TOTAL

	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

X	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Ken deGraffenreid (#4)

Chapter 24 FN #.72
2/6/8

UNCLASSIFIED

SECRET

N 701

UNCLASSIFIED

NSC/ICS CONTROL NO. 402000 Re-do

COPY NO. 3 OF 4

24-72

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

#162

Partially Declassified/Released on 6/7/87
Under provisions of E.O. 12356
By B. Reger, National Security Council

UNCLASSIFIED

SECRET

UNCLASSIFIED

SKD, FBI
12-12-86
NS91

MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402000
Re-do

[redacted]

February 6, 1985

SECRET

SENSITIVE

ACTION

N 7013

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Cable to President Suazo of Honduras

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey requesting their concurrence in a proposed backchannel cable to President Suazo from President Reagan (Tab A). The cable is intended to emphasize for President Suazo our support in the event of a Sandinista attack [redacted]

Since we originally reported on January 25, the HUMINT and [redacted] indications of an attack, [redacted] Since January 29, the Sandinistas have been sporadically firing into Honduras with their artillery and rockets. GEN Paul Gorman delivered to the Pentagon on Monday, February 4, two 122mm rocket assemblies taken from their point of impact in Honduras. The intelligence at Tab II pertains. [redacted]

[redacted]

SECRET
Declassify: OADR

UNCLASSIFIED

SENSITIVE

1056

UNCLASSIFIED

N 7014

UNCLASSIFIED

UNCLASSIFIED

#891

SECRET 2 **SENSITIVE**

N 7015

At this point, two steps need to be urgently taken:

-- The FDN is in urgent need of near-term financing--approximatel $2M--for the purchase of rifles, ammunition, and boots for the new volunteers.

-- The Hondurans need to be stiffened with assurances from the United States that we will meet our responsibilities under existing treaties. [redacted]

[redacted]

Regarding the first matter, as a consequence of GEN Singlaub's recent trip, both the [redacted] and the [redacted] have indicated to [redacted] that they want to help in a "big way." [redacted] (CIA) has withheld the dissemination of these offers and contacted me privately to assure that they will not become common knowledge. Singlaub will be here to see me tomorrow. With your permission, I will ask him to approach [redacted] at the [redacted] Embassy urging that they proceed with their offer. Singlaub would then put Calero in direct contact with each of these officers. No White House/NSC solicitation would be made. Nor should Singlaub indicate any U.S. Gov endorsement whatsoever

RECOMMENDATIONS

1. That you sign and transmit the memo at Tab I.

Approve ____ Disapprove ____

2. That you authorize me to proceed as indicated with GEN Singlaub.

Approve ____ Disapprove ____

Attachments
- Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
  - Tab A - Proposed Backchannel Cable to Suazo
- Tab II - Intelligence
- Tab III - Photograph
- Tab IV - Background Cables

UNCLASSIFIED

from Doc 162

SECRET

24-76 2p ii 24 r ii - 76

Top Secret
[redacted]

File

UNCLASSIFIED

C 3327

[redacted]
NICARAGUA

Special Analysis

Resupply Problems for Insurgents

Problems with supplies are hampering the rebel strategy of forcing the Sandinistas to fight on more than one front [redacted] are holding up delivery of quartermaster supplies and keeping some [redacted] insurgents in base camps. In addition, the air resupply link to more than [redacted] is threatened by increasing Sandinista scrutiny and by the unreliability of the chartered aircraft and pilot the rebels are using (S NF NC OC)

According to a rebel commander [redacted] are preventing quartermaster supplies, especially boots, from reaching rebel troops and have forced about half of their estimated [redacted] men to remain in their base camps. Two sources say, however, that the insurgents have adequate weapons and ammunition and that problems with food supplies appear to have eased since US funding became available to buy and transport food locally. (S NF NC OC)

[redacted]

continued

4549

UNCLASSIFIED

Executive Registry
26984

CIIN 1391

Top Secret
TCS 2706/86 — cy 10 x2
8 January 1986

UNCLASSIFIED

Top Se. .
[redacted]

C 3328

Resupplying Units Inside Nicaragua

[redacted]

Outlook

[redacted]

Executive Registry
26985

UNCLASSIFIED

CIIN 1391

Top Secret
TCS 2706/86
8 January 1986

Top Secret
[redacted]

UNCLASSIFIED

C 3329

[redacted]

UNCLASSIFIED

Top Secret
TCS 2706/86
8 January 1986

CIIN 1391

Executive Registry
26986

UNCLASSIFIED

8 January 1986

C 3330

ME[redacted]ctor of Central Intelligence

F[redacted] SA/DCI

S[redacted] NSC Meeting on Central America, 10 January 1986

1. You are scheduled to attend an NSC meeting on Central America at 1100 hours on Friday, 10 January 1986 in the Cabinet Room. According to the notification from the NSC Staff, this meeting will focus primarily on U.S. policy toward Nicaragua.

2. At the TABs you will find the following material:

TAB A This TAB contains briefing notes providing a general overview of Nicaragua in the Central America context prepared by NIO/LA to support your introduct[redacted]marks.

TAB B This TAB contains a pa[redacted]ubmitted to the NSC for this meeting by C/CATF on the[redacted]us and future effectiveness of the Nicaraguan democratic [redacted]ition.

TAB C This TAB contains the St[redacted]nd DoD position papers prepared for this meeting and brief[redacted]otes thereon prepared by NIO/LA.

TAB D This TAB contains the week[redacted]ghlights from DO/CATF.

TAB E This TAB contains the mon[redacted] Central America report #29 and the Nicaragua-El Salvador Tactical Update for 2-8 January 1986 from DI/ALA.

[redacted]

[redacted]

C11N1392

UNCLASSIFIED ~~TOP SECRET~~

Executive Registry
26987

UNCLASSIFIED

C 3331

UNCLASSIFIED

NO ANNOTATIONS OR MARKINGS

DUPLICATE of 26,906 - 26,920

26,988 - 27,004

24-76

DOCUMENT UNAVAILABLE.

24-77678 UNCLASSIFIED Chapter 24 P1" 27/78

C 3315

Rec. 7 Jan 86

NSC Security

DCI, DDCI,

[redacted]

DCI wants to make the emergency [illegible] the attack -- either we go all out to support them or they'll go down the drain

DCI wants to add some detail on how [illegible] are going to strengthen the FDN

DCI wants to change the aid numbers to "over $50 million in [illegible] that is agreed"

DCI wants a strong attack on Contadora..

Partially Declassified/Released on 4/27/87
under provisions of E.O. 12356
by B. Reger, National Security Council

26972

4550

CIIN 1387

UNCLASSIFIED

C 3316

[redacted] DCI needs something on the new leadership in Costa Rica, Guatemala and Honduras and what their views are likely to be toward i.e. Sandinista and Salvadoran insurgencies -- also, what about Suazo

[redacted]

UNCLASSIFIED

Executive Registry
26973

C11N 1387

UNCLASSIFIED

Mr C wants Talking pts broader

C 3317

- [redacted] of the insurgency
of the govt
- does it mean -- we need to give a good picture of the external support Nicaragua has received, the infrastructure built, the Cuban role

- needs something on the other countries
- something on the Contadora process (why we should get out of it)

- Mr C wants hard data !

* get copy of Fall 85 Strategic Review

strength
1. insurgency - how is it doing - size, etc.
potential

economic struggle -- reliance on Soviets
2. Govt -- ~~what~~ are they doing
3. Populace -- degree of dissatisfaction etc.
4. internal Opposition
5. External Support -- magnitude
6. Strategic situation --
what are neighbors ~~doing~~
risks & feasible objectives

C11N 1387 UNCLASSIFIED

Executive Registry
26974

24-79

Chap ~~I~~-24 FN #79

C 4929

UNCLASSIFIED

4/25/88

By R. [illegible]

SANDINISTA MILITARY ACTIONS AND INTENTIONS

4551

Since early 1986, an analysis of all intelligence sources indicates the Sandinistas have focused their military activities primarily on disrupting FDN infiltration efforts while at the same time attempting to prevent the resupply of insurgent units operating deep inside Nicaragua.

[redacted]

Executive Registry

38,009

UNCLASSIFIED

C11N 1912

C 4930

UNCLASSIFIED

[redacted]

[illegible] Sandinistas probably believed that there would, as usual, be [illegible] Honduran reaction to the incursion, and that their forces could quickly move out and return to Nicaragua. Indeed, one of the captured Sandinistas stated the goal of the operation was to sweep into the salient, attack the CIM, and then exfiltrate to the west.

[redacted]

CIIN1912 UNCLASSIFIED 38,010

C 4931

UNCLASSIFIED

[redacted]

CIIN 1912

UNCLASSIFIED

Executive Registry
38,011

UNCLASSIFIED

C 4932

[redacted]

Executive Registry
38,012

C11N1913

UNCLASSIFIED

P - 24 PN 80

15

N 38893

THE WHITE HOUSE

24-80

Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

March 25, 1986

The Briefing Room

9:51 A.M. EST

INDEX

SUBJECT PAGE

ANNOUNCEMENTS

President's Schedule....................................1
Economic Policy Council
Bilateral Investment Treaties/USTR

DOMESTIC

Balanced Budget/Federal Budget....................1-2, 23
Consumer Price Index/Inflation....................1-2
Durable Goods....................................2

FOREIGN

U.S. Aid to Contras/Nicaraguan
Incursion into Honduras....................1, 3-10, 23
Gulf of Sidra/Libya and U.S. Navy Confrontation..........11-23
Tokyo/Bombing of U.S. Embassy...........................20

10:38 A.M. EST

#1729-03/25

1/25/89

4552

UNCLASSIFIED

N 38894

THE WHITE HOUSE

Office of the Press Secretary

PRESS BRIEFING
BY
LARRY SPEAKES

March 25, 1986

The Briefing Room

9:51 A.M. EST

MR. SPEAKES: Today, the President has, at 2:00 p.m., an Economic Policy Council meeting. Davis-Bacon is the subject. Continuing discussions about what we do on that.

That's basically it, except for staff meetings and congressional phone calls, both on the balanced budget and on Nicaragua.

Balanced budget schedule to be voted on this afternoon and -- very late, and then we're -- some votes short. The President continues to work. It's a tough, tough but doable, as we used to say.

Nicaragua, he'll make some calls on that. That will be laid down in the Senate late today, and chances are it will be voted on late tomorrow afternoon, although it could spill into Thursday.

Twelve o'clock noon briefing.

A couple of other announcements. The President today is sending a package of six bilateral investment treaties to the Senate for ratification. They are with Turkey, Panama, Haiti, Senegal, Zaire and Morocco. The first -- these are the first bilateral investment treaties ever negotiated by the United States. The treaties will guarantee protection for investment that is helpful to the economies of these developing nations.

A press release providing details will be issued by the Office of the United States Trade Representative this morning, and a briefing will be held by the Assistant U.S. Trade Representative Harvey Bail, Room 101, Winder Building, which is at 600 17th Street Northwest at 11:00 a.m. We will have copies of the Senate notifications of the treaties available here at 11:15 a.m.

I've got other statements on consumer price index, Libya and Honduras.

Consumer price index fell four-tenths of a percent in February. This is the largest month of decline since November, 1953. As expected, the drop in inflation is largely due to energy prices. However, the 3.8 percent energy price decrease was accompanied by seven-tenths of a percent in food prices, and these, of course, two major consumer items.

Today's news, when matched with a sizable six-tenths of a percent February growth in personal income means that real income for the average American rose by a full percentage point last month. All of this can be translated into a very simple message. Americans are making more money and with inflation virtually nonexistent, they can buy even more goods and services with it.

MORE

UNCLASSIFIED

N 38895

Inflation for the past 12 months rose at only 3.2 percent rate; a remarkable record of achievement for President Reagan, who faced 11 percent inflation when he took office in 1981.

While the wealth of good economic news should be welcomed by us all, the Congress must bear in mind that the President does not intend to allow the lack of congressional resolve to unravel what the administration has accomplished in 40 months of economic expansion. His 1987 budget stands for continued growth with no big tax increase or dangerous cuts in defense spending. Congress must not take the easy way out and risk damage to the nation's economy.

Q Does the Federal Reserve Board deserve any credit for the reduction in inflation?

MR. SPEAKES: I'm sure they do.

Q What's the explanation for the durable goods portion of today's economic --

MR. SPEAKES: Those are fluctuating indicators that will go up and down from time to time. I think this is just one of -- just one among many, and others have not risen in other months, it's just one month.

Q Larry, does the language on no big tax increases leave the door open for a lot of small ones?

MR. SPEAKES: No. Our budget is out there and it explains exactly what we're talking about on revenues.

There's a large backlog, Frank, wherever you are, and shipments will be on the rise in the next few months ahead. That's durable goods.

Do you want to cover --

Q Let's go to the other --

Q Honduras request.

UNCLASSIFIED

N 38896

MR. SPEAKES: Honduras first, then Libya. During the last -- within 48 hours of the House rejection of aid to Nicaraguan resistance, Sandinistas military units crossed into Honduras in a large scale effort to attack UNO and FDN camps, training centers, and hospital facilities. The numbers are up to 15,000 Nicaraguan --

Q You mean 1,500.

MR. SPEAKES: -- 1,500 Nicaraguan military troops that are involved in the incident there. The president of Honduras has requested that the United States provide urgent military assistance. We're considering this request. It would include troop lift capacity as well as other type of material and services that would be furnished.

The President is considering this request. If the President does make an affirmative decision, which we would anticipate that he would do later today, he would exercise his authority under Section 506A of the Foreign Assistance Act that would provide Honduras with $20 million in emergency assistance. This is under consideration and we would expect the President to make the proper notification for Congress if he decides to in favor of this.

There is no War Powers consideration in this area. Whatever troop lift that would be considered would probably be well outside of the zone which the fighting is taking place in southern Honduras. There is no plan to keep Congress into session for any reason. This is a notification and does not require approval.

So, Bill?

Q Larry, derivation of a $20 million amount. Is it Honduras' request or is that --

MR. SPEAKES: The $20 million would be a transfer of goods and services totalling up to $20 million and, that is Honduras' request. That's what it would take for them to meet this emergency situation.

Q -- asking for $20 million.

MR. SPEAKES: They have asked for a number of goods and services that would total up to $20 million.

Q -- air lift capacity --

Q Troop lift capacity?

MR. SPEAKES: Troop lift capacity, that would have to be determined -- it'd have to be in defense, I would judge it would helicopters.

Q We would provide the airlift. It's not that we would turn over the vehicles to Honduras.

MR. SPEAKES: That's right. We would provide the aircraft.

Helen?

Q Has it been any confrontation between Honduran and Nicaraguan troops and are the Nicaraguans still there and where are they?

MR. SPEAKES: The Nicaraguans --

Q Why hasn't Honduras said so?

MR. SPEAKES: The Nicaraguans are still there. They're still involved in fighting. Whether there's been any direct contact

UNCLASSIFIED

N 38897

between Hondurans and Sandinista forces, I don't know.

Q Contra forces?

MR. SPEAKES: There has been direct contact between them and considerable lost of life. Let me see if I have those figures. Resistance units have reported 16 killed and 40 wounded in the last two days of battle.

Q Who?

MR. SPEAKES: They've reported that several -- Contra forces -- they reported that they've captured several Sandinista prisoners and have accounted for a large number of Sandinista casualties.

Q Does it appear that these Nicaraguan forces went into Honduras because they wanted to try to destroy the Contras before aid, more aid, could be forthcoming?

MR. SPEAKES: We can't make that judgment but it is certainly a interesting coincidence that Ortega

UNCLASSIFIED

ordered these steps taken just hours after the United States Congress had voted down the request for Contra assistance.

Q Larry, can you clarify the confusion over denials from many people in Honduras -- official statements? Can you tell us when the request came?

MR. SPEAKES: The request was received sometime during the -- midday yesterday, right?

MR. DJEREJIAN: Midday to last night we were working on it.

MR. SPEAKES: Okay. We worked on it, but I think we'd had notice of the request midday yesterday.

MR. DJEREJIAN: Right.

Q Even while Honduran officials were telling reporters that no such request was being made and that there was no confrontation underway?

MR. SPEAKES: These are the facts, and I think the Hondurans will back it up.

Q Can you narrow down for us where the geographical location of this --

MR. SPEAKES: I don't have the specifics on geographical -- it's in southern Honduras, but I don't know. I can't --

Q -- names --

Q President's name -- did he ask -- Honduras?

MR. SPEAKES: Azcona -- President.

Q Are they requesting this under the Rio Treaty? Are they going to the OAS? I mean, is there --

MR. SPEAKES: I don't think so.

Q Is it simply a request to --

Q Well, what does their request say is going on? I mean, they don't publicly acknowledge the Contras even exist in their country. How -- what are they saying -- that Nicaragua's invaded their country to fight them, or what?

MR. SPEAKES: I don't think they've been specific. This is -- this, under our law, comes as a -- was looking for urgent U.S. military assistance. I think there's a legal phrase under Section 50A that requires -- unforeseen military situation which exists in Honduras.

So -- David.

Q What do we think is the motives -- are the Sandinistas trying to deal a death blow to the Contras before we can get the aid down there?

MR. SPEAKES: We think that's -- that would be a highly likely motivation on their part. We do not think this appears to be a hot pursuit-type of an action there.

Q Larry, do you link this directly -- Nicaraguan actions with the loss in the House?

MR. SPEAKES: I can't put myself in the mind of the Sandinista government and discover their motivations. The facts speak for themselves -- within 48 hours as we started.

So --

Q But you leave the impression --

Q You indicated earlier that the President doesn't anticipate asking Congress to extend its session. Might the President be considering a special session during the Easter recess to -- for the House to entertain its second vote on more Contra aid?

MR. SPEAKES: No, there's no plan for that.

Q Is this money going to be reprogrammed? I mean, how physically -- legislatively --

MR. SPEAKES: It comes from Defense funds and it goes into foreign military assistance program. It's a 506A transfer.

Q With the House not in session, how does that work?

MR. SPEAKES: Just notify them.

Q It can be spent without -- just notification?

MR. SPEAKES: Yes, just notify them.

Mike.

Q Can you get an answer to the legal questions about whether they are acting under the Rio Treaty?

MR. SPEAKES: Well, I think you'd have to ask for them. I don't know. They're just asking us for assistance and we're providing it.

MR. DJEREJIAN: That question just simply hasn't arisen.

MR. SPEAKES: What?

Q But assistance for what, though?

MR. SPEAKES: An urgent military situation that is just on their border.

Q Don't they have to tell us what the situation is? Are they saying to us that they had been invaded by their neighbors?

MR. SPEAKES: I have not seen their words. I don't know what they have said, but this is the situation that exists.

Mike.

Q Can you tell us how deeply the Sandinistas have penetrated Honduran territory and whether or not they've reached any occupied areas?

MR. SPEAKES: What we have is that there were -- large Sandinista military force conducted four assaults on a resistance training center that's located 15 kilometers north of the Nicaraguan-Honduran border. That took place in the early morning of March 23. I don't have any other specifics.

Q -- mentioned a hospital.

MR. SPEAKES: The Sandinistas were supporting their units with heavy artillery fire, volleys of rocket fire from Soviet-made BM-21 multiple rocket launchers and MI-8 gunships.

That is described here as well inside of the Honduran border. I don't have a --

Q The gunships are inside of Honduras?

MR. SPEAKES: -- indicator -- yes.

Q Do we have reports of any assaults after the 23rd?

MR. SPEAKES: I don't think so, Sam.

Q Do you think -- is there any way to know --

MR. SPEAKES: The State Department is going to have a lot more detail on this at 12:00 noon today. I just don't have that much.

Q Larry, will U.S. military --

MR. SPEAKES: Wait a minute. Take it easy. We don't do that here, Mike, since you left.

Q I know that.

MR. SPEAKES: Okay, go ahead.

Q That's what I've been told.

MR. SPEAKES: Oh. What do you have? You were next in line. I was just reading ahead. Go ahead.

Q Okay. Is it possible that U.S. military personnel will be involved in lifting troops into combat areas?

MR. SPEAKES: Well, as I indicated that it would be our desire that this airlift would take place to an area outside of a combat area.

Q And U.S. military personnel, then, you would do the best you could to avoid them being involved in combat?

MR. SPEAKES: Yes.

Q But they'd have the right to fire back if fired upon?

MR. SPEAKES: It always exists.

Q Larry, are you characterizing this attack in any way as an act of aggression or a violation of Honduran sovereignty, or what?

MR. SPEAKES: I think we would leave those type of statements to them.

Eleanor.

Q Larry --

Q Well, the thing is, they're requesting aid in a certain context. What is your understanding of the context?

MR. SPEAKES: That's the same question Plante did. I've not seen the message from President Azconda. It's an urgent military situation, and that's the way it is described under our law, so I don't know.

Okay, Eleanor?

Q Larry, do you think it's likely that this action by

MORE

the Sandinistas might encourage the Congress to vote the aid for the Contras the way Ortega's visit to Moscow did last year?

MR. SPEAKES: I can't make a judgment on that. I think Congress will take due note of it, though, and understand the situation as we've described it over the last several months.

Joe.

Q Beyond the troop lift, can you give us some examples of the goods and services requested?

MR. SPEAKES: No, I don't know.

So -- Dick -- Helen.

Q It sounds like the Honduran troops want to confront the Sandinistas.

MR. SPEAKES: I don't --

Q Is that what they want the aid for?

MR. SPEAKES: I don't know. That's --

Q Why would they put their troops -- they want to put their troops at the front, don't they?

MR. SPEAKES: Well, you know --

Q Defend their country.

Mr. SPEAKES: -- it's kind of like Weinberger said yesterday -- walking along a walk and somebody takes a shot at you, you want to defend yourself. If somebody breaks into your house, you might want to get some folks up by the front door -- help you out.

Charles.

Q Larry, would this troop lift capacity utilize that which is already in the Honduras --

MR. SPEAKES: I don't know. Yes, I don't know. You would have to ask the Defense Department after the President approved this request.

Q And if I can follow, was there any request for any kind of weaponry of a sort that might be transferrable to the Contras?

MR. SPEAKES: Once again, I don't know.

Frank.

Q Does this incursion affect the need, the urgency or the strategy for the aid request for the Contras themselves?

MR. SPEAKES: We've already stressed that it is a matter of utmost urgency, and I think this underscores the urgency of the situation.

Gerald.

Q You said earlier that Ortega had wanted this incursion. What is that based on? Is that U.S. intelligence talking?

MR. SPEAKES: No, it would be our judgment that Sandinista forces would not operate. We hope they're not freelancing. We hope that they would probably be under the direction of somebody but then again, six-one - half a dozen of the other.

Norm?

Q Is this assistance being framed as necessary to repel the Nicaraguan incursion order, you've got some kind of longer term objective on securing the border?

MR. SPEAKES: I just don't know. We'll have to come up with the specifics on that.

Q Yes, that's going to be addressed in your notification, won't it?

MR. SPEAKES: You guys paying attention over here? You know what Norm wanted?

Q No, I'm sorry.

MR. SPEAKES: See Norm after the briefing. See Plante after the briefing. See the following guys that are --

Q I mean, it would be better -- maybe you could find the aid?

Q You can't talk all at once.

MR. SPEAKES: State Department is going to have a lot more detail on this than I have had. We've dealt with it overnight. We've come up with this for the morning. This is as far as we know at the moment. You may be a bit ahead of the game as far as our decision process is concerned. I've indicated that we received request. We've got it under consideration. I have not seen what the President is going to ask for nor the terms he framed it in. So --

Dave?

Q Larry, has the U.S. government suggested to the Honduran government that it can evoke any of the elected security provisions of the Rio Treaty?

MR. SPEAKES: Not that I'm aware of.

Ira?

Q What's the basis for you saying that you don't believe that the Sandinista troop movement then is a hot pursuit situation?

MR. SPEAKES: There -- certain information that we received from those troops that are involved in the situation there that indicates that it is not a hot pursuit situation; that there are clear cut objectives on the part of the Sandinista troops cross the board.

Q -- from the Contra side?

MR. SPEAKES: That's right.

Q Would our response be any different if it did appear that it was a hot pursuit -- one or two days actually chasing guerrillas?

MR. SPEAKES: I don't know. It's an "if" question?

Walter?

Q Larry, you said early on in your statement that there were some hospital facilities of the Contras that came under attack.

MR. SPEAKES: Right.

Q Can you amplify on that.

MR. SPEAKES: Walter, I don't know if I have that information -- that is any more.

Q Were some of the casualties on the Contra side from the hospital?

MR. SPEAKES: I just don't have that type of information yet.

Q Let me ask you also -- U.S. troops on maneuvers in Honduras, how close are they to the scene of the fighting at this time?

MR. SPEAKES: The Defense Department would have to tell you that. I don't know what the distance is.

John?

Q Larry, I heard that there's one report suggesting that the Nicaraguan troops had set up some sort of temporary base across the border in Honduras from which to coordinate their activities.

MR. SPEAKES: I don't have anything on that.

Pat?

Q Will we be supplying any intelligence help or reconnaissance help to the Hondurans?

MR. SPEAKES: I don't know?

Miles?

Q Do we have any U.S. personnel at all in the immediate area where the --

MR. SPEAKES: Once again, I do not know what the situation is. Bob, you don't have anything on that, do you?

COLONEL O'BRIEN: I don't believe so.

MR. SPEAKES: Does not think so here but we'll check.

Q Larry, there's been reports that a lot more Sandinistas troops are moving up toward the border. Can you confirm those reports.

MR. SPEAKES: I don't have anything on that. Okay.

John? Libya?

Q We're ready to move on to Libya. May we do that because of the degree of

UNCLASSIFIED

N 38904

public interest on camera?

MR. SPEAKES: I don't think so, sorry. To begin with yesterday -- and I'll cover that quick and then pick up where we left off yesterday -- at 7:52 A.M. -- and this - all of this material has been released by the Defense Department -- 7:52 A.M., two SA-5's fired at an aircraft in the Gulf -- U.S. aircraft.

Q This is yesterday?

MR. SPEAKES: Yesterday. Late morning, two MiG 25's were airborne and approached our aircraft and turned back. 12:45 P.M., two SA-5's and one SA-2 fired at aircraft in the Gulf. Then at 2:15 P.M., one SA-5 fired at an aircraft in the Gulf. We have six confirmed firing over the period of missiles. At 2:17 P.M. yesterday, and this is continuing where we were yesterday, an A-6 from the carrier America destroyed a La Combattante, class fast attack missile patrol craft with harpoon anti-ship cruise missiles. This was on the 32-30 line.

At 3:17 P.M., two A-7's from the Saratoga, launched a HARM missile -- the high speed anti-radiation missiles -- at the site -- SA-5 site and inflicted some damage -- I'll come back to that --. At 4:15 P.M., Nanutcha, which is a patrol craft, was attacked -- a missile patrol craft -- is attacked by A-6's. This included -- this was inside of the 32-30 south of it -- and it was near Benghazi. It was damaged but the missile boat returned to port at Benghazi.

Now, this is basically picking up -- I don't think you had that yesterday -- at 6:12 P.M. yesterday, the USS Yorktown fired two surface to surface missiles and sank a Wadi patrol boat. The damage assessment was there was debris floating on the water. Boat destroyed. This was outside, north of, considerably north of, the 32-30 line. 6:45 P.M. last night, two A-7's from the Saratoga, struck an SA-5 missile site at Sirte. We do not have damage assessment on that at this time. So that's two separate firings of missiles at the Sirte site.

At 1:07 A.M., that's today, two A-6's, one from the Saratoga, one from the Coral Sea, struck an Nanutcha patrol boat near Benghazi. Damage assessment; boat dead in the water; on fire; life raft seen in the water; Libyan helicopter search and rescue mission in progress. This is outside of the zone. So the totals are three patrol boats sunk, one damaged. Three of these four that we were involved with were outside of the 32-30 line, north of the line. Well, two were north of it, one on it, and one south of it near Benghazi so, they're operating considerably north of 32-30 approaching the fleet.

There were no U.S. casualties and no damage to aircraft or ships on the U.S. side.

UNCLASSIFIED

MORE

Questions on that?

Q Yes. Any more action since the 1:07 a.m.? I take it not.

MR. SPEAKES: No, there has not been any action reported to us since then. It's been generally quiet in the region. Our freedom of navigation exercise continues south of 32-30.

Q Weinberger talked of a fifth boat at his 9:00 briefing? Was he mis-speaking?

MR. SPEAKES: I think that was one that was shot at. Do we -- we've got that. That's the one off the Turner -- fired two harpoons at 5:49 p.m. yesterday at an unidentified contact in the vicinity of anti-aircraft fire. This took place, also, considerably North of 32-30 and we do not have any confirmation of a hit on that. That's the one he was talking about.

Q Larry, from what we understood yesterday, there is only one SA-5 missile battery in Libya --

MR. SPEAKES: That's correct.

Q -- at Syrte and the Secretary said that it was knocked out by the initial attack. Is that --

MR. SPEAKES: He said that yesterday. That's not what he said today.

Q Have we re-evaluated that? Was it knocked out and we hit it again, is that it? It's the same site.

MR. SPEAKES: Well, the situation involving an SA-5 site is that we operate and we make judgments, particularly at nighttime, with our overflight, at nighttime by the operation of the radar. The radar went down yesterday and that caused us to at least consider the possibility that it had been knocked out. They also operate with multiple radar sites in the area of the SA-5 site, and some considerably away from it. One could have been knocked out and others.

We do have confirmation of damage to it. The site, an hour ago, was down and not operating. It has been up and down through the night. But whether it is knocked out, depends. They have additional spare parts and equipment stored in various localities in the country that they could bring in to make it back operational. So, we do know it was damaged. We do know it was down for a period of time. We do not know whether it is inoperative or can be made operational. We do not have any casualty reports. We do not have any information regarding Soviet presence there, either pro or con.

Q Is there any indication on the capacity of that site -- how many missiles there might be there?

MR. SPEAKES: I think we do have that. Is that something we should not talk about? Okay. We do know that there are a number of missiles there, so it has multiple missiles at that site.

Q The Libyans say that there was a hit taken on the adjoining town. Does the damage report indicate anything like that?

MR. SPEAKES: We don't have that, no.

Q Are you saying no, or you don't have it?

MR. DJEREJIAN: We don't have any indication of that.

MR. SPEAKES: We don't have it. Yes, let me --

UNCLASSIFIED

N 38906

Q Yesterday we said that the attack on the missile site at Syrte was prompted by the launching of the SA-5 missiles. Is our posture now there beyond -- moved beyond retaliation and to a pre-emptive move?

MR. SPEAKES: No. I wouldn't predict what the operation of the fleet might be or the aircraft operating off the carriers might be in the future. The action taken against these two missile sites were HARM missiles. HARM missiles operate when radar comes on at the site and that indicates to us that they're preparing to lock-on and fire.

Q So this second attack on Syrte was --

MR. SPEAKES: Was HARM missiles.

Q -- prompted by another --

MR. SPEAKES: Another lock on -- another turn-on of the radar. And I'm not talking about the future.

Helen -- then I've got to work with the back.

Q What about the War Powers Act? Is the President reporting today?

MR. SPEAKES: The War Power situation -- we've had continuing informational discussions with Congress and we'll do so more today. We'll keep them updated through the day. This matter of War Power is being reviewed by the lawyers at State, Defense, White House and Justice. And we will make a determination about it in the future.

Q Can you be a little more specific about the consultations today -- timing?

MR. SPEAKES: There's no specific timing. They'll just be kept updated through the day.

Q Are leaders coming down or the President going to see anyone?

MR. SPEAKES: No plans for that.

Q Should the President have -- should the President have consulted Congress in advance because of a policy that might have led to U.S. forces being put in a danger zone?

MR. SPEAKES: Congressional leadership on -- both Republicans and Democrats -- both House and Senate, chairmen and ranking member of the Foreign Relation Committees of both Houses were notified when we filed the notice of intent in the region. Once that we were required to respond, they were notified and briefed promptly.

Q You said yesterday that we would consider all the Libyan forces, vehicles, I guess, that move toward us to be of danger to the fleet. Was this patrol boat near Benghazi, in fact, moving toward the fleet or in some way --

MR. SPEAKES: Yes, he was moving toward our operations in the Gulf.

Q Do you know how far away he was?

MR. SPEAKES: Well, the range of those -- of La Combattante, for instance, these were Nanutcha -- right down in Benghazi -- what's the range on that?

COLONEL O'BRIEN: 40 miles.

UNCLASSIFIED

N 38907

MR. SPEAKES: 40 miles on that one too. The missile range on that is 40 miles. We don't let them get that close.

Bernie?

Q Larry, are there any plans for further U.S. forces to be moved into the region?

MR. SPEAKES: I don't know the answer to that. I guess, Bernie, we'd have to talk to Defense.

Q Larry, how close to Libyan airspace or to shore have American aircraft come?

MR. SPEAKES: Aircraft were remaining outside of the 12-mile limit that's the internationally recognized territorial waters.

Q Have American aircraft made runs at Libyan shore-based installations to trigger radar?

MR. SPEAKES: I don't know that kind of detail.

Frank?

Q Can you clear up whether or not there were more missiles fired overnight by the Libyans? Shultz just now --

MR. SPEAKES: Yes. We have confirmation of six.

Q Six additional ones from the ones --

MR. SPEAKES: No, six that we announced and all six that I've described here. There are reports of other missiles. There are various ways that we get information about missile firing -- radar, visual and other means. Sometimes you get various sources reporting the same missile. We're sorting that out right now, but we do know of confirmed six and there are reports of, as Bob Sims reported today, up to 12, but we only have confirmed six.

Q Larry, were the Soviets notified in advance of our intention to respond to the missile firing?

MR. SPEAKES: The Soviets were notified -- or at the beginning of the exercise. A notice of intent was notified. We've certainly made our views known to the Soviets over a period of years.

UNCLASSIFIED

Yesterday, there was -- what did I do with that? Ed?

MR. DJEREJIAN: Armacost and the Soviet charge --

MR. SPEAKES: We met with the Soviets -- Mike Armacost at the Defense Department -- at the State Department and the Soviet charge met last night at the State Department to discuss the matter. I don't have any details out of that meeting.

Bill?

Q How soon will you exercise -- the possibility of the exercises in the Gulf -- wind them a little bit early, say, on Thursday?

MR. SPEAKES: We have not -- the notice of intent goes through April 1st, midnight April 1st, which is Sunday, and that not necessarily coincide with the end of the planned exercise. We have not announced at what period the exercise extends to and we won't do that. We will continue the exercise and when the Sixth Fleet has determined that the exercise is concluded, then they will certainly conclude it. But to end before Sunday is simply the period that we've filed the notice of intent to operate in the region.

Q Yes, the Wadi class patrol boat, how many men does it hold? How big is that?

MR. SPEAKES: The Wadi patrol boat? Let's see here. Have you got that before you?

COLONEL O'BRIEN: Fifty-eight.

MR. DJEREJIAN: Fifty-eight.

MR. SPEAKES: Fifty-eight personnel onboard and a normal complement of staffing on the Wadi.

Dave?

Q And the range -- it's a missile boat also?

MR. SPEAKES: The missile boat -- 40, about 40 miles on that.

Q Is our trip still on, Larry?

MR. SPEAKES: Yes.

Dave.

Q Could I clarify your response on Mike Putzel's question a little while ago regarding the missile site? If I read you correctly, you said we have knocked out two radar --

MR. SPEAKES: No.

Q We have not?

MR. SPEAKES: No. I said there has been damage. I did not give any specifics. I indicated that there are more than one radar operation usually in the vicinity of these SAM sites.

Q These radar bays there, you knock them out, you blind the missile site.

MR. DJEREJIAN: That's right.

Q A missile site has how many launchers?

MR. SPEAKES: We're not -- yes, I didn't specify that, and won't.

Q There could be a limitless number of missiles. It's the launchers that count.

MR. SPEAKES: That's right.

Q And we have damaged some of those launchers?

MR. SPEAKES: I didn't say that. I said there's been damage to the site. I wasn't any more specific than that, and really won't be.

Q How many radars have we damaged?

MR. SPEAKES: I'm just not going to be specific on it.

Q Another question. Can we disengage from that area as long as there is hostile action going on without it appearing that we're turning tail and running?

MR. SPEAKES: I think the results speak for themselves. But the fleet will make that determination.

Q The President will not make it?

MR. SPEAKES: No.

Suzanne.

Q Larry, just to clarify what you said earlier, did you say the President has no specific meetings on this today?

MR. SPEAKES: No specific meetings with members of Congress.

Q Okay. How is he being briefed?

MR. SPEAKES: He was briefed in his normal 9:30 a.m. session with Admiral Poindexter this morning. There are no other meetings scheduled on this subject for the day, but he certainly will be kept advised through the day.

Q Has he spoken with Secretary Shultz by telephone?

MR. SPEAKES: No, not by telephone.

Ira.

Q Two quick questions to review what you said. Is any Libyan boat in between 32-30 and the 12-mile limit subject to attack?

MR. SPEAKES: If it approaches the fleet.

Q But if it's going sideways or back towards Libya -- that's the determination, which way it's headed?

MR. SPEAKES: I don't know. The commander on the scene has the authority and he'll do what's necessary to protect the fleet.

Q And a follow-up to that, when you said the fleet commander is making the decision as to when to break it off or when to engage?

MR. SPEAKES: You mean in specific instances out there or when they end their exercise?

Q Well, both, actually.

MR. SPEAKES: To end specific engagements, yes. That's within the discretion of the local commander, not necessarily the fleet commander, but the guy out there on the scene and not the guy back on the carrier. As far as the end of the exercise, I think that will be a joint determination with Washington and those operating in the area.

Q Do we take seriously the threats --

MR. SPEAKES: Candy?

Q Do we take seriously the threat to blow up American oil installations, to hang and execute Americans in the area that Qaddafi is --

MR. SPEAKES: I'm just not going to respond to him.

Candy.

Q Just to follow up on Frank's question several hours ago -- (laughter) -- what you were saying is --

MR. SPEAKES: -- been here a little while.

Q -- the only confirmed firing since you last talked to us yesterday has been from the U.S. side, is that correct?

MR. SPEAKES: That's -- I presume, yes. There have been six in all and I reported six yesterday.

Q Right.

MR. SPEAKES: But the firing from our side has been on patrol boats approaching our units.

Q Okay, and since you talked to us yesterday, you have not attacked the missile sites?

Q Yes.

Q Yes.

Q Where are we here?

Q You have, right?

MR. SPEAKES: Yes. Let's see, I reported that at what? At 4:00 -- at 3:17 p.m. yesterday?

Q No, you said at 6:45 p.m.

MR. SPEAKES: Okay, 6:45 p.m. We had a 3:17 p.m. and a 6:45 p.m.

Q So the situation is since the initial six firings from the Libyans, there have been no confirmed Libyan fire, it has all been U.S. fire, is that correct?

MR. SPEAKES: That's correct, yes.

Q Larry, on the War Powers Act --

MR. SPEAKES: Yes.

Q Does the White House accept that the 48-hour requirement is tolling at this point?

MR. SPEAKES: If we were to make a determination that we needed to report consistent with the War Powers Resolution, it would be done in compliance with the law which requires 48 hours from onset of hostility.

MORE

UNCLASSIFIED

N 38911

Q So you don't believe that the 48 hours started sometime yesterday and is now tolling on the requirement?

MR. SPEAKES: The question is, do we believe that we need to report under the War Powers Resolution? We've not made that determination. It would normally be done in 48 hours onset of U.S. involvement in hostilities which would have been yesterday.

Q So you would think within that period you will make a determination as to whether or not --

MR. SPEAKES: That's right.

Q Is there any way of determining the extent of Libyan casualties? You said 27 in one boat yesterday --

MR. SPEAKES: Yes. There's no way to determine, Terry. We know the number of people -- whether there are 58 -- what have we had? We've had two Nanutcha and -- that have 58 and we've had one Combattante that has 27. And so, were there casualties onboard the one at Benghazi, I don't know.

UNCLASSIFIED N 38912

Q But do you assume that everyone -- that there are any survivors from these two boats?

MR. SPEAKES: We haven't made any assumptions. We didn't have any indications, except the one that was -- we saw life rafts in the water and a Libyan effort underway, but one was burning and sinking, the other -- there's nothing there but debris.

Q Larry, just to clarify, is it an option to stay in the area past April 1, past the notice of intent period?

MR. SPEAKES: Well, certainly we can do what we want to. The notice of intent is there. Notice of intents have been filed and extended. The exercise is scheduled to run for a given period of time. It will conclude when the commanders decide to conclude. So I don't want to end up with a lead that says that, but it's certainly -- anything is possible.

Frank.

Q Do you have a response to Clovis Maksoud, the Ambassador the League of Arab States who says that foreign ministers will be meeting and will have a resolution of solidarity [illegible] and have called for the United States to pull out of the gulf?

MR. SPEAKES: No.

Charles.

Q Secretary Shultz was asked in Turkey if the purpose was in the -- and the quote, the words of the questioner, were "to put Qaddafi in his box," to which Secretary Shultz said, "The purpose was not to put him in is box, it's where he belongs, though." Is that the attitude of the administration, that Qaddafi belongs in his box, or should be in some way removed from office. What is the actual purpose, to get rid of Qaddafi?

MR. SPEAKES: Certainly, if the man would conduct himself within the norms of international behavior, he could run his country. But when he starts exporting terrorism and expanding and expanding, then that's when he needs to be put back in his box.

Joe.

Q Are you concerned that by virtue of this action in the last two days that you might encourage him to further acts of terrorism?

MR. SPEAKES: I can't make a judgment on that. We were doing a freedom of navigation exercise. He attacked our forces, we responded, and that's that.

Q But have you taken it into consideration that clearly he doesn't have the forces to deal with you on a military basis, thereby by threatening or by doing whatever it is, freedom of exercise, navigation or not, if we put him into a corner where the only forces he's got that are effective are terrorists forces?

MR. SPEAKES: I don't know why that -- well, first of all the Libyan government does have a substantial amount of military hardware at its disposal, including a very large air force operation, which, for some reason, has not been active in this last 24-hour period.

Q They don't want to get shot down.

Q Challenge --

MR. SPEAKES: But they do have a very large air force operation, they do have a number of -- a sizable armored operation,

UNCLASSIFIED

N 38913

and they do have some missiles. They have a number of Soviets that are advising. It is a force that has caused considerable problems for its neighbors militarily in the Middle East repeatedly over the last several years, that they have been involved in Chad and in other areas.

Now, as far as terrorism is concerned, I don't think terrorism is ever a logical response to anything. And certainly not a response to a peaceful exercise that takes place in international waters.

Joe.

Q You made reference earlier to a Libyan search and rescue operation after a ship, or a patrol boat had been sunk. Was that allowed to continue unhindered by the Navy in the area?

MR. SPEAKES: I would assume, yes.

Eleanor.

Q If the administration chooses to stay in it a week beyond Sunday, they would have to file another -- an extension on --

MR. SPEAKES: We don't have to. That's a courtesy notice -- a notice of information. A notice of intent is a courtesy notice to operate in a flight information region. It's not necessary. We've done it at times, and other times we haven't.

Q When would that be done if you did it?

MR. SPEAKES: Usually done 24 hours ahead.

So -- Bill.

Q Just to follow on Charles' question, given all that you've said, but also given Qaddafi's track record so far, how would you now assess the security situation as far as American government facilities are concerned or various other American facilities -- in terms of Qaddafi's --

MR. SPEAKES: It's a security situation as much as it has been. We'd take prudent precautions at all times, and certainly in a situation like this. But I can't predict what the man might do.

Q Tightening or increasing it?

MR. SPEAKES: Wouldn't comment on that.

Dave.

Q Any reports from that meeting at State last night or elsewhere that any Soviet personnel were injured or killed?

MR. SPEAKES: Not aware of it.

Andrea.

Q Any connection to the Tokyo bombings?

MR. SPEAKES: Tokyo bombings seem to be some sort of -- homemade device that did not explode. The reporting that I've seen on it -- and this is public reporting -- was that it was some way connected with the economic summit and disrupting that.

Jerry.

Q Excuse me -- not with any groups that might have been Libyan-trained?

UNCLASSIFIED

MR. SPEAKES: We haven't seen any indication of that.

Q And can you clarify -- in answer to a previous question, what grounds would lead you to decide that the War Powers Act applies? What conditions --

MR. SPEAKES: If they apply? It's --

Q You're making a decision today about whether to notify tomorrow.

MR. SPEAKES: It's stated very plainly in the War Powers resolution as to what the specifics are that require, and we make a judgment based on those.

Q As to whether or not in this case you'd --

MR. SPEAKES: Report -- Helen, then I'll go to the back.

Q When the charge came to the State Department last night, did he come on his volition? Was he summoned? Was he making a protest?

MR. SPEAKES: At our request is what they say.

Walter.

Q Larry, would you comment on the Post report this morning that the planning for this operation began shortly after the terrorist attack in December and it was designed deliberately to provoke the Libyans into attacking?

MR. SPEAKES: No, I would not comment on that. Our planning for this exercise is a freedom of navigation exercise. I don't know what the date it began, but to put that -- that many U.S. units involved in a training exercise and a freedom of navigation exerci[illegible]s require considerable planning. These are ongoing effort[illegible] take place on a regular basis worldwide. As far as any provoca[illegible], the United States was there on a freedom of navigation exerci[illegible]

Q Yesterday, the United States went in with its eyes open and just a moment ago to Charles' question, you said that when they behave this way in international terrorism, that's when he should get put back in the box. The strong implication is the United States is delighted that they responded this way so that we could fire back.

Q Delighted.

MR. SPEAKES: I don't see how you draw that implication. The United States government was conducting a freedom of navigation exercise. We were going into an area that we knew that the Libyans -- that it was a controversial area. Whenever we are operating -- wherever we are operating, our troops are prepared for any eventuality. We were prepared.

Q Is the U.S. government in any way unhappy at this turn of events?

MR. SPEAKES: Well, we would prefer to operate within international waters unhindered.

Q So the U.S. government is not unhappy that this has happened. Is that correct?

MR. SPEAKES: Well, I think you're simplifying a situation, or asking a question that really has no relevance to the situation. We were conducting an operation that we do all over the world. When we went --

Q Almost time for the 12:00 noon briefing.

MR. SPEAKES: I know. When we went into that area, we recognized that we were dealing with a man that had irrational behavior in the past. We were prepared for any eventuality. As it turned out, it was wise and prudent.

Pat.

Q Are we likely to see the President at any time today?

Q No.

MR. SPEAKES: Not necessarily planned, but you could.

Miles.

Q Oh.

Q Oh.

Q This freedom of navigation exercise is something that regular military -- is done all the time. When was the last one and where?

MR. SPEAKES: Well, we've operated within the Libyan flight information region 18 times since 1981. We have operated south of 32-30 since -- seven times, now eight times since 1981. There have been others in various localities worldwide.

Q Did you mean to open that box?

Q Yes, I mean seriously.

MR. SPEAKES: Which box?

Q On the President.

Q Things are too --

MR. SPEAKES: You know, if --

Q It sounds like if he decides to send it up for 320 million, he will come out and tell us.

MR. SPEAKES: You know, don't get Jack excited again, please. (Laughter.) If -- I never --

Q Do you want to give us some guidance?

MR. SPEAKES: No, I don't. Just calm down. If the President decides to do anything today on any subject -- there are many subjects brewing -- there is the Nicaraguan aid situation --

Q Right.

MR. SPEAKES: There is the balanced budget amendment situation, there is the -- the budget, there is the urgent supplemental, which is veto bait, there is the Libyan situation, it's a beautiful spring day with the temperature getting close to 70 -- there are umpteen things he could do today. Right now, there are no plans for the President to come out.

Q Well, he can't throw snowballs again, that's the only thing.

MR. SPEAKES: If the President does decide to do anything, you will be certainly given adequate notice.

UNCLASSIFIED N 38916

Dale.

Q On the Nicaraguan --

MR. SPEAKES: And don't come up and ask me afterwards. I've been here for -- what time did we come down here? We've been here a little over an hour.

Q Let's have the 12:00 noon briefing now, get it -- early.

MR. SPEAKES: This may be the 12:00 noon briefing.

Dale.

Q On the question of aid to Honduras, I understood you to say earlier that you anticipated that the President would make an affirmative decision --

MR. SPEAKES: I do. Okay.

Q I want to -- War Powers.

MR. SPEAKES: One more.

Q Is the White House surprised that Qaddafi keeps coming back for punishment, or appears to?

Q Sit down. I have some questions, damn it.

MR. SPEAKES: Never been surprised at anything. Jerry, we skipped you. Let's hear Jerry.

Q Perhaps you've answered this --

Q Is Hickam --

Q -- but do we concede safe haven to Libyan boats if they stay inside the 12-mile limit, and was the boat hit near Benghazi. outside the 12-mile limit?

Q I'm going to keep asking.

MR. SPEAKES: Outside the 12-mile limit. Yes. We've not been in there, and I would presume that we would recognize that as --

Q Are you going to win the balanced budget, do you think? Do you have a head count?

MR. SPEAKES: Close, but we've got a way to go.

THE PRESS: Thank you.

END 10:30 A.M. EST

UNCLASSIFIED

ROUTING			
TO:	NAME AND ADDRESS	DATE	INITIALS
1	OIC		
2			
3			
4			

☐	ACTION	☐	DIRECT REPLY	☐	PREPARE REPLY
☐	APPROVAL	☐	DISPATCH	☐	RECOMMENDATION
☐	COMMENT	☐	FILE	☐	RETURN
☐	CONCURRENCE	☐	INFORMATION	☐	SIGNATURE

REMARKS:

FROM: NAME, ADDRESS, AND PHONE NO.	DATE

Chapter 24
FN# 82
& 84

UNCLASSIFIED
(Security Classification)

C 4919

CONTROL NO. ER SC5125 86

Copy 10 of 10

24-82+84

Handle Via
UNCLASSIFIED
Channels

Access to this document will be restricted to those approved for the following specific activities:

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

4553

UNCLASSIFIED
(Security Classification)

C/IN 1907

UNCLASSIFIED [redacted]

C 4920

3 April 1986

MEMORANDUM FOR: Chief, Central America Task Force, DO

FROM: Director of Central Intelligence

SUBJECT: Sandinista Military Actions and Intentions

1. Here is the material you sent me last night, edited to read more easily. It still doesn't make the point that this is what is trying to be represented as a target of opportunity and the incursion appears to us to be a long-planned effort designed to knock out the Contra forces quickly. Maybe you can get that in somewhere at the beginning, or maybe you feel you can't. I leave that to your discretion.

2. I think this should be used locally for the following purposes:

a. The material, in the form which can be used by our Ambassadors, should be sent to all Contadora and other pertinent Latin America countries. It should be taken in at the highest level of government available in the hope that it will either influence those governments to be supportive of the Contra program and upcoming debate or at least refrain from undercutting its cause up here.

b. A fully sanitized version should be made available to Ollie North, Pat Buchanan, and Elliott Abrams for their purposes here. I'll leave it up to you to get the material on to Elliott, Pat and Ollie. I tried to call Elliott, but he is out of town until tomorrow. You might pass these papers on to him with my suggestion.

3. Also attached hereto is a draft of the piece prepared for tomorrow morning's National Intelligence Daily.

4553

1/26/88

William J. Casey

[redacted]

Copy 10 of 10

Attachments:
1. [redacted]
2. Draft NID article

Partially Decl[illegible] under pro[illegible] by B. Reger, National [illegible]

Executive Registry
38,001

C11N 1907

UNCLASSIFIED
TOP SECRET [redacted]
HANDLE VIA COMINT CHANNELS

CL BY [redacted]
RVW OADR

UNCLASSIFIED C 4921

Directorate of Intelligence
Office of African and Latin American Analysis

3 April 1986

MEMORANDUM TO: DCI

THROUGH: ADDI

FROM: [redacted]

1. Pursuant to your note this a.m., DI and DO redrafted the blind memo on Sandinista Military Actions and Intentions, which is attached. Also attached is the proposed NID feature on much the same topic.

2. The feature was held yesterday because DIA wanted to prepare a dissent. DIA has not yet formally submitted its position, but we have been led to understand that its approach will be that the incident represented more a target of opportunity for the Sandinistas rather than being representative of any clear strategy. Also you should know that in the past we have had some difficulty in coordinating pieces on the fighting with INR which has estimated lower numbers of troops involved in recent operations.

[redacted]

4554

1/25/88

Executive Registry
38,002

UNCLASSIFIED

CJIN 1908

UNCLASSIFIED -chapter 24 FN #89

DCI Telephone calls to/from SecState Shultz between 1 Jan 86 to 31 Oct 1986

C 1697

24-89

7 Jan 86	1530	(T)	completed 1640
10 Jan 86	1715	(T)	completed
11 Jan 86	0955	(T)	completed 1050
14 Jan 86	1526	(T)	completed 1055
27 Jan 86	1110	(T)	completed 1155
29 Jan 86	1215	(F)	completed
29 Jan 86	1450	(T)	completed 1523
7 Feb 86	1710	(T)	completed 1845
23 Feb 86	1310	(T)	completed
24 Feb 86	1730	(T)	completed 1750
26 Feb 86	1750	(T)	completed 1825
4 Apr 86	1650	(T)	completed
6 Apr 86	1200	(T)	completed 1215
8 Apr 86	1535	(T)	completed 9 Apr 86 1441
16 May 86	1905	(T)	obe (Family Group Brunch 16 May)
2 Jun 86	0931	(T)	obe per DCI 6/3
12 Jun 86	1536	(T)	completed
16 Jun 86	1550	(T)	completed 17 Jun 86 0915
2 Jul 86	0845	(T)	completed by office call 3 Jul 86
21 Jul 86	1645	(T)	obe
23 Jul 86	0856	(T)	completed
23 Jul 86	1605	(F)	completed 1700
4 Aug 86	1555	(T)	completed 1755
5 Aug 86	1445	(T)	completed
8 Sep 86	0916	(T)	completed 0940
9 Sep 86	0825	(T)	complet[illegible]
17 Sep 86	1132	(T)	completed
19 Sep 86	0730	(T)	completed
2[illegible] 86	1740	(T)	completed

Partially Declassified/Released on 11/[illegible]/88 under provisions of E.O. 12356 by [illegible] National Security Council

4556

C11N 1108

UNCLASSIFIED

Executive Registry 24.940

UNCLASSIF[redacted]

Partially Declassified/[illegible]sed on 1/26/88
under pro[illegible] E.O. 12[illegible]
by B. [illegible]

The Director of Central Intelligence

Washington, D.C. 20505

C 1698

23 November 1986

4557

The President
The White House

Dear Mr. President,

On [illegible]day I spent over five hours discussing and answering questions for the House and Senate Intelligence Committees on our effort to develop a relationship with important elements in Iran. I was able to deal with all their questions with no problem while, at all times, insisting on the value and need for this. A full house of each of the Committees was present throughout and, except for the expected partisan posing by Bobby Byrd and Jim Wright, when they went out to speak to the cameras, the members took it well. I enclose a copy of my opening statement which you can look through quickly.

The public pouting of George Shultz and the failure of the State Department to support what we did inflated the uproar on this matter. If we all stand together and speak out I believe we can put this behind us quickly. Under Secretary of State Armacost sat through my briefing [redacted], opening his mouth only to deny involvement or knowledge. At one [illegible] he intervened to explain that "as the lead agency in fighting terrorism" the [illegible] Department was taken aback to find that we had provided weapons to terrorists. [illegible]ickly pointed out that CIA had the largest experience and capability in co[illegible] directly with international terrorism and while engaging on all fronts on a d[illegible] basis found this no impediment to seeking improved relationships with countries that might be turned away from terrorism. Armacost quickly subsided but at no time during the briefing came forward with any supporting statement. Rich Armitage, who accompanied me for Defense, was helpful in explaining the rules on arms transfer and was forthcoming and supportive whenever he had the opportunity.

[redacted]

On Thursday I returned two days early from a week scheduled in Central America. I found the commandantes and fighting men of the FDN in high spirits and ready to go. [redacted] we are moving inside Nicaragua but our diplomacy and public infor[redacted]st be much stronger and more aggressive to show greater political determination a[redacted]rpose, particularly in Latin America.

[redacted]

Respectfully,

Bill Casey

William J. Casey

UNCLASSIFIED

Executive Registry 34,274

CIIN 1109

P.S. I wrote this late Saturday night before reading the story about the big switch in this morning's Post. I have not discussed the views in this note with anybody. [redacted]

[illegible]

UNCLASSIFIED [redacted]

C 4920

3 April 1986

MEMORANDUM FOR: Chief, Central America Task Force, DO

FROM: Director of Central Intelligence

SUBJECT: Sandinista Military Actions and Intentions

1. Here is the material you sent me last night, edited to read more easily. It still doesn't make the point that this is what is trying to be represented as a target of opportunity and the incursion appears to us to be a long-planned effort designed to knock out the Contra forces quickly. Maybe you can get that in somewhere at the beginning, or maybe you feel you can't. I leave that to your discretion.

2. I think this should be used locally for the following purposes:

a. The material, in the form which can be used by our Ambassadors, should be sent to all Contadora and other pertinent Latin America countries. It should be taken in at the highest level of government available in the hope that it will either influence those governments to be supportive of the Contra program and upcoming debate or at least refrain from undercutting its cause up here.

b. A fully sanitized version should be made available to Ollie North, Pat Buchanan, and Elliott Abrams for their purposes here. I'll leave it up to you to get the material on to Elliott, Pat and Ollie. I tried to call Elliott, but he is out of town until tomorrow. You might pass these papers on to him with my suggestion.

3. Also attached hereto is a draft of the piece prepared for tomorrow morning's National Intelligence Daily.

C

4558

William J. Casey

24 Jun 86

[redacted]

Copy 10 of 10

Attachments:
1. [redacted]
2. Draft NID article

Executive Registry
38,001

CIIN 1907

UNCLASSIFIED
TOP SECR [redacted]
HANDLE VIA COM CHANNELS

CL BY [redacted]
RVW OADR

CHAPTER 25. POWERS OF CONGRESS AND THE PRESIDENT IN THE FIELD OF FOREIGN POLICY

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 26. THE BOLAND AMENDMENTS AND THE NSC STAFF

UNCLASSIFIED

26 PN# 15

U.S. Departr   of J
Office of Legal Cou

7905

26-15

Office of the
Assistant Attorney General

Washington, D.C. 20530

APR 27 1984

MEMORANDUM FOR THE ATTORNEY GENERAL

Re: Application of the Independent Counsel Provisions of the Ethics in Government Act to Alleged Violations of the Boland Amendment and the Antideficiency Act

This memorandum presents the views of the Office of Legal Counsel with respect to certain issues raised by a request from thirteen Members of Congress that the Attorney General seek the appointment of an independent counsel pursuant to the Ethics in Government Act, 28 U.S.C. § 591 et seq., particularly § 595(e). The general responsibilities imposed by the Ethics in Government Act in response to such a request are discussed in our memorandum to you of April 13, 1984. This memorandum concerns those general responsibilities as applied to whether the information received alleges a crime under the Antideficiency Act, 31 U.S.C. § 1341(a)(1) and § 1350.

For the reasons set out in detail in the balance of this memorandum, we conclude that the allegations communicated to you pursuant to § 595(e) could not reasonably be construed as a federal crime under the Antideficiency Act and that you therefore are under no legal duty to conduct a preliminary investigation or seek appointment of an independent counsel relative thereto under the Ethics in Government Act.

I

BACKGROUND

By letter of April 9, 1984 (hereinafter the April 9 Letter), a majority (thirteen) of the Democratic Party Members of the Committee on the Judiciary of the House of Representatives requested that you apply for the appointment of an independent counsel to "investigate, and if necessary prosecute, possible violations of the Neutrality Act," by certain officials of the United States, including the President; former Secretary of State Alexander Haig, Jr.; Secretary of State George Shultz; Secretary of Defense Caspar Weinberger; and Central Intelligence Agency (CIA) Director William Casey. The letter described certain "widely reported activities," involving United States' support for paramilitary activities in Central America, which

[redacted] .ease on [illegible] under pro vic of E.O. 12356
by B. [illegible] National Security Co[illegible]

UNCLASSIFIED

4392

were alleged as a basis for a charge of violation of § 5 of the Neutrality Act. That section provides:

> Whoever, within the United States, knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people with whom the United States is at peace, shall be fined not more than $3,000 or imprisoned not more than three years, or both.

18 U.S.C. § 960. The April 9 Letter closed with the request that "an independent counsel be appointed to determine whether the Neutrality Act has been violated by the government officials named above."

We have considered the applicability of the Neutrality Act to the conduct of United States officials within the authorized scope of their official duties in a separate memorandum to you of April 25, 1984, regarding the "Application of the Neutrality Act to Official Government Activities," and concluded that the Act did not prohibit actions by government officials in the course and scope of carrying out official duties. We will not repeat that discussion here.

The April 9 Letter also contained a statement to the effect that the referenced activities "also appear to be in violation of the Boland Amendment," which was characterized as prohibiting covert aid to paramilitary organizations for the purpose of overthrowing the Government of Nicaragua. 96 Stat. 1830, 1865 (1982). This memorandum will address the comments in the April 9 Letter regarding the Boland Amendment and their impact on your statutory duties under the Ethics in Government Act.

Our April 13 memorandum described generally the effect of a request like the April 9 Letter and your responsibilities under the independent counsel provisions of the Ethics in Government Act in response thereto. We noted that the Act provides that a majority of the majority party or a majority of the nonmajority party members of the Committee on the Judiciary of either House may request in writing that the Attorney General apply for the appointment of an independent counsel. See 28 U.S.C. § 595(e).

Section 595(e) further requires that the Attorney General send a written response "[n]ot later than thirty days after the receipt of such a request, or not later than fifteen days after the completion of a preliminary investigation of the matter with respect to which the request is made, whichever is later . . . ." The response must notify the committee from whose members the request was received of "any action the Attorney General has taken in response to such request and, if no application [for an independent counsel] has been made to the division of the court, why such application was not made."

From the text of 28 U.S.C. § 595(e), we concluded that it was clear that a request of this nature did not, in and of itself, require an application for appointment of an independent counsel. We concluded that it was similarly clear that a request pursuant to § 595(e) did not require, in and of itself, that the Attorney General conduct a preliminary investigation. Reading the independent counsel provisions as a whole, we concluded that the Attorney General need only conduct a preliminary investigation upon a determination that specific information that he has received concerning a crime by a covered official is "sufficient to constitute grounds to investigate." See 28 U.S.C. § 591(a). We also advised that the Attorney General should seek the appointment of an independent counsel in response to a request under § 595(e) if, after a preliminary investigation, he finds reasonable grounds to believe that further investigation or prosecution is warranted, or if ninety days elapse from the receipt of the information without a determination that there are no reasonable grounds to believe that further investigation or prosecution is warranted. See id. § 592(c)(1).

In conclusion, we stated that the request does not impose a mandatory, nondiscretionary duty on the Attorney General to do anything more than consider any information contained in the request in accordance with the provisions of the Ethics in Government Act and make a report to the appropriate committee. The Attorney General has thirty days from the time of receipt of the request in which to respond, if no preliminary investigation is underway at that time and if none is initiated before the expiration of thirty days. If a preliminary investigation is conducted, the Attorney General's response to the committee is due no later than fifteen days after completion of the preliminary investigation or at the expiration of the thirty day period, whichever is later.

UNCLASSIFIED

II

TEXT AND INTERPRETATION OF THE ETHICS IN GOVERNMENT ACT

The entire procedural construct of the independent counsel provisions of the Ethics in Government Act depends on the initial triggering mechanism of receipt by the Attorney General of "information sufficient to constitute grounds to investigate that [a covered official] has committed a violation of any Federal criminal law other than a violation constituting a petty offense." 1/ *See* 28 U.S.C. § 591(a). In aid of analysis, this triggering mechanism may be broken down into its three component parts: (1) information sufficient to constitute grounds to investigate; (2) a covered official or other person whose investigation may involve an identified conflict of interest; and (3) a criminal offense other than a petty offense.

Of these three component determinations that are required to trigger the Ethics in Government Act, the first two are reasonably well defined in the Act and its legislative history. For example, with regard to the sufficiency of the grounds to investigate, the Act itself identifies two factors. In determining whether "grounds to investigate" exist, the Attorney General shall consider (a) "the degree of specificity of the information;" and (b) "the credibility of the source of the information." *See* 28 U.S.C. § 592(a)(1)(A)-(B). The legislative history further illuminates the congressional intent of the meaning of "specificity" and "credibility." *See* S. Rep. No. 496, 97th Cong., 2d Sess. 11-12, 21, *reprinted in* 1982 U.S. Code Cong. & Ad. News 3537, 3547-48, 3557; S. Rep. No. 170, 95th Cong., 1st Sess. 51, *reprinted in* 1978 U.S. Code Cong. & Ad. News 4216, 4267. Similarly, the Act itself defines the officials who are specifically covered by the Ethics in Government Act, *see* 28 U.S.C. § 591(b), and others who may be covered because of particular conflicts of interest. *See id.* § 591(c).

1/ Pursuant to 18 U.S.C. § 1, criminal offenses are classified as follows:

> (1) Any offense punishable by death or imprisonment for a term exceeding one year is a felony.
>
> (2) Any other offense is a misdemeanor.
>
> (3) Any misdemeanor, the penalty for which does not exceed imprisonment for a period of six months or a fine of not more than $500, or both, is a petty offense.

UNCLASSIFIED

J 7909

Neither the Ethics in Government Act itself nor its legislative history specifically expands upon the criminal offense component of the triggering mechanism. Nevertheless, it is clear that the application of the Act depends upon a determination that the information amounts to a specific and credible allegation that a covered official has committed a federal crime other than a petty offense. One district court has recently considered the issue whether the criminal offense component of the triggering mechanism was satisfied, and defined the standard for the determination whether a crime had been alleged. Dellums v. Smith, 577 F. Supp. 1449, 1452 (N.D. Cal. 1983) (Dellums II) (on motion for rehearing), appeal pending, No. 84-1525 (9th Cir.), stay granted, Jan. 25, 1984, involves a challenge to the Attorney General's failure to conduct a preliminary investigation upon receipt of certain allegations of violations of the Neutrality Act by Executive Branch officials. The court stated:

> There may be instances in which the Attorney General can properly decline to conduct a preliminary investigation, even though he has received specific information from a credible source. If such information, however specific and credible, could not reasonably be construed as involving a federal crime, the Attorney General would not be obligated to conduct a preliminary investigation. [2/]

III

THE BOLAND AMENDMENT AND THE ANTIDEFICIENCY ACT

The Boland Amendment was included in the Further Continuing Appropriations Act, 1983, Pub. L. No. 97-377, § 793, 96 Stat. 1830, 1865, as part of the fiscal year 1983 appropriation for the Department of Defense. The Amendment provided that

> [n]one of the funds provided in this Act may be used by the Central Intelligence

---

2/ The court further stated that "if the information may reasonably be construed as involving a federal crime, the Attorney General may not refuse to investigate merely because his opinion is to the contrary." Dellums II, supra, 577 F. Supp. at 1452. Although we do not agree that this is a correct interpretation of the independent counsel provisions, the analysis which we present in the text of this memorandum with regard to the particular allegations in the April 9 Letter is not inconsistent with the court's interpretation.

UNCLASSIFIED

> Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras.

The language of the Boland Amendment is apparently identical to language previously included in a classified annex that accompanied the Intelligence Authorization Act for fiscal year 1983, Pub. L. No. 97-169. See 128 Cong. Rec. H9156 (daily ed. Dec. 8, 1982) (remarks of Rep. Boland). 3/ The background of that restriction is discussed briefly in a report prepared in May 1983, when the House Permanent Select Subcommittee on Intelligence considered an amendment to that bill:

> In April, 1982, following several such briefings [on covert activities in Nicaragua], the Committee considered the fiscal year 1983 intelligence authorization budget bill. At a mark-up of the bill on April 5, 1983 [sic], the Committee considered, but rejected, motions to strike all funds for the program. Instead, the Committee adopted language in the classified annex to the report accompanying the bill that limited the uses to which funds authorized for the program could be applied. The program was to be directed only at the interdiction of arms to the insurgents in El Salvador. Funds in the program were not to be used to overthrow the government of Nicaragua or provoke a military exchange between Nicaragua and Honduras. The committee insisted upon these restrictions in conference with the Senate on the authorization bill and they were retained, with modifications. Responsible executive branch officials were knowledgeable of, and participated in, these

---

3/ We have not reviewed that classified annex or other classified legislative history relevant to the Boland Amendment. Because much of the background of the Amendment is on the public record, as well as considerable subsequent legislative history and debate, we did not feel it necessary to review that material for purposes of our analysis here. We would, of course, be willing to do so if you wish.

UNCLASSIFIED

> revisions. The conference report on the fiscal year 1983 intelligence authorization bill was filed and approved by both Houses in August 1982.

H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 8 (1983).

During floor consideration of the Further Continuing Appropriations resolution, both the House and Senate considered and rejected several alternative restrictions on covert activities in Nicaragua that would have swept considerably more broadly than the restriction contained in the Boland Amendment as adopted. Two of these alternatives could have had the effect of prohibiting altogether the use of appropriated funds for support of paramilitary activities in Nicaragua. 4/ Another, commonly referred to as the "Harkin Amendment," 5/ would have prohibited the use of appropriated funds by the Department of Defense or the CIA "to furnish military equipment, military training or advice, or other support for military activities, to any groups or individual, not part of a country's armed forces, which is already known by that agency to have the intent of overthrowing the Government of Nicaragua or of provoking a military conflict between Nicaragua and Honduras." 128 Cong. Rec. H9148 (daily ed. Dec. 8, 1982). This amendment would have had the effect of prohibiting the use of funds to support paramilitary groups in Central America, if those groups intended to overthrow the Government of Nicaragua or to provoke hostilities between Nicaragua and Honduras. See 129 Cong. Rec. S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop).

4/ In the House, Representative Harkin introduced an amendment that would have prohibited the supplying of funds to paramilitary groups and individuals "for the purpose of assisting that group or individual in carrying out military activities in or against Nicaragua." 128 Cong. Rec. H9149 (daily ed. Dec. 8, 1982). That amendment was not adopted. The Senate similarly rejected an amendment proposed by Senator Dodd, which would have provided that "[n]o funds should be obligated or expended, directly or indirectly, after January 20, 1983, in support of irregular military forces or paramilitary groups operating in Central America." 128 Cong. Rec. S15350, S15365 (daily ed. Dec. 18, 1982).

5/ This amendment was actually a substitute offered by Congressman Harkin for the broader restriction that he initially offered (see n.4 *supra*). It was proposed immediately after Congressman Boland introduced the language eventually adopted as an amendment to the bill. 128 Cong. Rec. H9159 (daily ed. Dec. 8, 1982).

UNCLASSIFIED

J 7912

The House rejected the Harkin Amendment and adopted language proposed by Congressman Boland (which is identical to the enacted language), with little substantive discussion. 128 Cong. Rec. H9159 (daily ed. Dec. 8, 1982). 6/

The April 9 Letter asserts that certain "widely reported activities . . . appear to be in violation of the Boland Amendment." The principal activity cited in the letter is that, "acting with the approval, advice, training and funds provided by the United States officials, and in concert with these officials, Nicaraguan exiles have attacked Nicaragua with the aim of overthrowing the Nicaraguan Government." 7/

The somewhat oblique reference to the Boland Amendment in the April 9 Letter raises a number of questions. First, it is not clear whether the comment regarding the Boland Amendment was intended to allege the commission of a separate crime or simply to reinforce in some unspecified way the allegation that

---

6/ No substantive discussion of the intent or scope of the Boland Amendment appears in the Conference Report on the Further Continuing Appropriations resolution, H. Conf. Rep. No. 980, 97th Cong., 2d Sess. (1982), or in the House and Senate debates on adoption of the Conference Report, 128 Cong. Rec. S10391-448, H15675-706 (daily ed. Dec. 20, 1982).

7/ Similar allegations have been made by some other Members of Congress, including Representative Boland, the sponsor of the Amendment. See, e.g., 129 Cong. Rec. H5724-25 (daily ed. July 27, 1983) (remarks of Rep. Hamilton); id. at H5739 (remarks of Rep. Barnes); id. at H5746 (remarks of Rep. Leach); id. at H5748-49 (remarks of Rep. Boland); id. at S15287 (daily ed. Nov. 3, 1983) (remarks of Sen. Leahy). These allegations have been based either on alleged support by the CIA, during fiscal year 1983, for groups whose avowed intent is to overthrow the Government of Nicaragua, or on the alleged failure of United States support to achieve any effective interdiction of arms. Other Members of Congress have asserted that no violation of the Boland Amendment has occurred. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 25-26 (1983) (Statement of Minority Views); 129 Cong. Rec. H5730 (daily ed. July 27, 1983) (remarks of Rep. Broomfield); id. at H5748 (remarks of Rep. Young); id. at H5752 (remarks of Rep. Hyde); id. at S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop). The April 9 Letter itself does not allege that there was a violation of the Boland Amendment, but merely that the described activities "appear to be in violation of the Boland Amendment."

UNCLASSIFIED

the Neutrality Act has been violated. Perhaps the authors of the letter hold the view that a violation of the Boland Amendment would, *ipso facto*, be a violation of the Neutrality Act. If this is the correct interpretation of the letter, as we have concluded in our April 25 memorandum, the allegations would not trigger the obligation to investigate or seek appointment of an independent counsel under the provisions of the Ethics in Government Act.

Even construing the April 9 Letter as suggesting that a "violation" of the Boland Amendment constitutes a separate offense, a problem arises because the independent counsel provisions of the Ethics in Government Act apply only to violations of the federal criminal law (other than petty offenses), and the Boland Amendment is not a federal criminal provision. It is merely an appropriations limitation. To proceed further with the inquiry notwithstanding the ambiguities in the letter requires a construction of the statement with regard to the Boland Amendment that expenditures in violation of that Amendment could have violated some federal criminal statute. The Members of Congress signing the letter point to no criminal statute other than the Neutrality Act, so we have conducted an independent analysis of the issue.

We have specifically considered whether a violation of the Boland Amendment could violate the criminal provisions of the Antideficiency Act, 8/ now codified at 31 U.S.C. § 1341(a) and

---

8/ The only other criminal provision of which we are aware that arguably might apply is 18 U.S.C. § 1916, which imposes a fine of not more than $1,000 or imprisonment for not more than one year for violation of the provision of 5 U.S.C. § 3103 that an individual may be employed in the civil service in an Executive department at the seat of government only for services actually rendered in connection with and for the purposes of the appropriation from which he is paid. The sweep of this provision is unclear, and we think it unlikely that any of the activities alleged in the April 9 Letter would fall within its terms, particularly in light of the "seat of government" language used in the statute. *See generally* 26 Op. A.G. 522 (1908). The Criminal Division has concluded that this section would not be applicable, and has informed us that to their knowledge no prosecution has ever been attempted under it. In any event, to the extent that the section might conceivably, on some set of facts, be applicable to a violation of the Boland Amendment, we believe that our analysis of the possible applicability of the Antideficiency Act, which is a much more sweeping statute, is equally relevant to 18 U.S.C. § 1916.

UNCLASSIFIED

J 7914

§ 1350. Section 1341(a) provides:

> An officer or employee of the United States Government . . . may not --
>
> (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; or
>
> (B) involve [the] government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law.

Section 1350 provides that a violation of § 1341(a) is punishable by a fine of not more than $5,000, imprisonment for not more that two years, or both. 9/ By reference to 28 U.S.C. § 591(a) and 18 U.S.C. § 1, a violation of § 1350 by a covered person would generally be an offense of sufficient gravity to fall within the coverage of the independent counsel provisions of the Ethics in Government Act.

We conclude, however, that the information referred to in the April 9 Letter as constituting an "apparent" violation of the Boland Amendment "could not reasonably be construed as involving a federal crime" under the Antideficiency Act. See Dellums II, supra, 577 F. Supp. at 1452. We reach this conclusion based on well-settled principles of statutory construction and constitutional law. We believe that serious constitutional questions, as well as difficult questions of justiciability, would be raised if the criminal provisions of the Antideficiency Act were applied to the appropriations restriction included in the Boland Amendment.

As we outline below, the Boland Amendment does not purport to limit the particular activities or programs that may be funded, but rather purports to restrict the availability of funds for those activities or programs based on whether responsible Executive Branch officials had a particular purpose in authorizing those activities and programs. In this context, one that fundamentally implicates the President's conduct of the foreign policy of our Nation, we believe that

---

9/ Appropriate administrative discipline, including, when warranted, suspension from duty without pay or removal from office, is provided in 31 U.S.C. § 1349.

UNCLASSIFIED

J 7915

the criminal provisions of the Antideficiency Act cannot be construed to apply to the Boland Amendment. Because of the peculiarities of this issue and the unusual factual context in which it arises, we feel it appropriate to advise caution in the application of the general legal principles expressed here in other factual circumstances without similarly careful analysis.

We do not read the Boland Amendment to prohibit expenditures on all or particular covert military or paramilitary activities funded by the CIA relative to Nicaragua. The public record shows that covert activities regarding Nicaragua were authorized by Congress, and that funds were appropriated for those activities for fiscal year 1983, following Administration briefings of the House and Senate Intelligence Committees pursuant to 22 U.S.C. § 2422 and 50 U.S.C. § 413. See, e.g., H. Rep. 122, Pt. 1, 98th Cong., 1st Sess. 5-8 (1983); 128 Cong. Rec. S15361 (daily ed. Dec. 18, 1982) (remarks of Sen. Moynihan); 129 Cong. Rec. S15289 (daily ed. Nov. 3, 1983) (remarks of Sen. Goldwater); id. at H5748 (daily ed. July 27, 1983) (remarks of Rep. Boland). In fact, as we have noted, both the House and Senate, in public deliberations on the 1983 Further Continuing Appropriations bill, rejected more sweeping provisions restricting the funding of the CIA covert activities that could possibly have had the effect of prohibiting all covert activities. See supra at p. 7 & n.4. As Representative Robinson noted in 1983, during debates on a proposed amendment to the 1983 Intelligence Authorization Act:

> Let me be clear on this point -- at the time the proposed covert action was presented to the committee, everyone was well aware that this project included covert operations in Nicaragua. I bring this up because at that time the standard which was discussed with regard to covert action was that we would not be involved in any operation to overthrow the Government of Nicaragua. The administration was -- and is -- in agreement with such a provision.
>
> The language, ultimately termed the Boland amendment, provided for covert action of the type which the administration supports. The House voted down a legislative amendment which would have denied funds for the purpose of carrying out a covert activity and denied funds to groups and individuals known to have

UNCLASSIFIED

> the intent of overthrowing the Nicaraguan Government.
>
> The House, however, adopted the Boland amendment by a vote of 411 to 0. In so doing, the House approved the concept embodied in the Boland amendment that a covert paramilitary operation in Nicaragua was acceptable.

129 Cong. Rec. H5722 (daily ed. July 27, 1983).

What the Boland Amendment purports to restrict is support of covert activities "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." As we read the Amendment, those same activities could properly be funded, so long as they are conducted "for the purpose of" interdicting arms flowing to El Salvador or other countries in Central America. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 5-8 (1983). Thus, we read the Amendment not to prohibit funding of particular activities, but to prohibit funding of those activities if that funding is intended to accomplish the overthrow of the Government of Nicaragua or to provoke hostilities between Nicaragua and Honduras.

Further, the legislative history of the Boland Amendment makes clear that the proscribed intent is not the intent of the groups or the individuals being supported by the appropriated funds. That is, the Boland Amendment cannot be read to prohibit the use of funds to support particular individuals or groups merely because it is known that those individuals or groups would like to overthrow the Government of Nicaragua. As noted above, the House rejected the Harkin Amendment, which would have had precisely that effect. Several Members of Congress have pointed out subsequently that the rejection of the Harkin Amendment is persuasive evidence that the reach of the Boland Amendment, as adopted by both the House and the Senate, is limited. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. at 25-26 (1983) (Statement of Minority Views); 129 Cong. Rec. S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop). Thus, what the Boland Amendment purports to prohibit is not the support of groups whose avowed purpose is to overthrow the government, but rather the otherwise authorized expenditure of appropriated funds on covert activity if the Executive Branch officials who approved or directed the expenditure intended those activities to have the effect of overthrowing the Government of Nicaragua or provoking hostilities between Nicaragua and Honduras.

In light of the scope of the Boland Amendment, we must consider whether allegations of a violation of that Amendment could, if true, reasonably be construed as constituting a crime under the Antideficiency Act. We believe that such facts, even if they existed, could not reasonably be construed to constitute a crime, principally because application of the criminal provisions of the Antideficiency Act in this context would raise exceedingly serious constitutional questions of separation of powers. It is well settled that statutes must be construed to avoid constitutional issues. *See, e.g.*, *International Association of Machinists* v. *Street*, 367 U.S. 740 (1961). Criminal statutes, in addition, must be narrowly construed. *See, e.g.*, *United States* v. *Fruit Growers Express Co.*, 279 U.S. 363, 369 (1929); 3 C. Sands, *Sutherland Statutory Construction*, § 59.03 (4th ed. 1974).

One such separation of powers issue is whether questions about the intended scope and alleged violation of the Boland Amendment are "political questions" which under Article III of the Constitution cannot be adjudicated by the courts, particularly in the context of a criminal prosecution of Executive Branch officials. The political question doctrine has at its core the preservation of the separation of powers of the three Branches of government. *See* *Baker* v. *Carr*, 369 U.S. 186, 217 (1962). The classic formulation of the doctrine derives from Justice Brennan's opinion for the Court in *Baker*:

> Prominent on the surface of any case held to involve a political question is found a textually demonstrable constitutional commitment of the issue to a coordinate political department; or a lack of judicially discoverable and manageable standards for resolving it; or the impossibility of deciding without an initial policy determination of a kind clearly for nonjudicial discretion; or the impossibility of a court's undertaking independent resolution without expressing lack of the respect due coordinate branches of government; or an unusual need for unquestioning adherence to a political decision already made; or the potentiality of embarrassment from multifarious pronouncements by various departments on one question.

Id. A number of the factors listed in *Baker* v. *Carr* require the conclusion that the determination of whether the "purpose" of the activities undertaken in Nicaragua was proper or improper under the Boland Amendment is a nonjusticiable question. These factors are disjunctive and, in cases prior to *Baker*, were held to be sufficient individually as the basis for the Court's determination that a political question was involved.

In this situation, for example, there is with regard to foreign policy "a textually demonstrable constitutional commitment of the issue to a coordinate political department." The issue of the President's intent in pursuing authorized activities in Central America, fully funded by congressional appropriations, involves, essentially, a determination of the President's foreign policy objectives with regard to that country. The President "is the sole organ of the nation in its external relations and its sole representative with foreign nations" in pursuit of those goals. *See United States* v. *Curtiss-Wright Corp.*, 299 U.S. 304, 319 (1936). To attempt to discern the President's state of mind, or the state of mind of subordinate Executive Branch officials, and to impose the threat of criminal penalties based on allegedly impermissible foreign policy objectives in carrying out the particular actions that have been authorized and funded by Congress, infringes on the constitutional responsibilities and powers of the President. *Cf*. *Goldwater* v. *Carter*, 444 U.S. 996, 1003 (1979) (Rehnquist, J., concurring) (issue is "political" and nonjusticiable if it "involves the authority of the President in the conduct of our country's foreign relations and the extent to which the . . . Congress is authorized to negate the action of the President"). To the extent that this question involves a mixed issue for Executive Branch foreign policy determination and Legislative Branch appropriation powers, involvement of the judiciary would not be appropriate. As the Supreme Court noted in *Oetjen* v. *Central Leather Co*., 246 U.S. 297, 302 (1918) (per Clarke, J.):

> The conduct of the foreign relations of our Government is committed by the Constitution to the Executive and Legislative -- the "political" -- Departments of the Government, and the propriety of what may be done in the exercise of this political power is not subject to judicial inquiry or decision.

Baker requires a finding of nonjusticiability because of other factors as well. Neither the language of the Boland Amendment nor its legislative history contain any clear statement of precisely what conduct is intended to be proscribed.

UNCLASSIFIED

J 7919

In fact, subsequent congressional discussions with respect to the Administration's compliance with the Amendment reflect a wide variety of diverse, often conflicting, and *post hoc* views as to the intended scope of the prohibition and the facts that might indicate a violation of the restriction. *Compare* H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. 11 (1983), *with id.* at 25-26 (Statement of Minority Views). *See also* 129 Cong. Rec. H5724-25 (daily ed. July 27, 1983) (remarks by Rep. Hamilton); *id.* at H5748-49 (remarks of Rep. Boland); *id.* at H5752 (remarks of Rep. Hyde); *id.* at S15291 (daily ed. Nov. 3, 1983) (remarks of Sen. Wallop). We cannot discern -- and we are confident that the courts could not discern -- any specific, manageable standard by which to adjudicate the scope of the Boland Amendment and the applicability of criminal sanctions under the Antideficiency Act. *See Crockett* v. *Reagan*, 558 F. Supp. 893, 898 (D.D.C. 1982), *aff'd per curiam*, 720 F.2d 1355 (D.C. Cir. 1983). 10/

The difficulties become readily apparent by speculating on what actions might conceivably violate the Boland Amendment. For example, what if it could be established (assuming that there were no practical or constitutional problems of proof), that the President's "purpose" in directing covert activities was to interdict arms, but that some subordinate Executive Branch official intended in addition (or instead) to try to accomplish the overthrow of the Government of Nicaragua, despite official Administration policy. Would that official be criminally liable under the Antideficiency Act for violating the Boland Amendment? To take another example, if the "purpose," however determined, of certain actions was *both* to interdict arms and to overthrow the Government of Nicaragua, would those actions violate the Boland Amendment? What if the "purpose" of a

---

10/ *Crockett* involved allegations by 29 members of Congress directed against the President and other Executive Branch officials that the supply of military equipment and aid to the Government of El Salvador violated the War Powers Resolution 50 U.S.C. § 1541-48, and the Foreign Assistance Act, 22 U.S.C. § 2304. The court dismissed the claim under the War Powers Resolution as nonjusticiable because of the lack of judicially discoverable and manageable standards, and the claim under the Foreign Assistance Act because of the court's equitable discretion in cases involving congressional plaintiffs.

UNCLASSIFIED

particular activity was to interdict arms during one period, was changed to a "purpose" of overthrowing the government during another because of a change of circumstances, and then reverted to the original "purpose"? Would the activity be a crime during the second period but not the first and third?

This patent lack of judicially discoverable and manageable standards for interpreting and applying the Boland Amendment is particularly troublesome because the restriction strikes directly at the President's constitutionally assigned, discretionary responsibility to set foreign policy objectives. See generally DaCosta v. Laird, 471 F.2d 1146, 1156 (2d Cir. 1973) (question whether Executive Branch officials may implement President's directive ordering mining of ports and harbors of North Vietnam and continuation of air and naval strikes against military targets located in North Vietnam is nonjusticiable political question, inter alia, because of lack of judicially discoverable and manageable standards); Holtzman v. Schlesinger, 484 F.2d 1307, 1313 (2d Cir. 1973), cert. denied, 416 U.S. 936 (1974). Clearly, the determination of foreign policy objectives is the type of "initial policy determination" that is not susceptible to resolution by the courts under the Baker formulation.

In addition, we do not see how a court could attempt to adjudicate the issue of compliance with the Boland Amendment and the Antideficiency Act without intruding deeply into the foreign policy decisionmaking processes of Executive Branch officials, including the President. Again, the probable scenarios present extremely troublesome and intrusive possibilities, such as an attempt to compel personal testimony by the President or other high-ranking Administration officials as to their intent in setting certain foreign policy goals, attempts to discover internal deliberative and undoubtedly highly classified foreign policy documents of the Executive Branch, and possible judicial assessment of the credibility and advisability of those statements and documents -- all in the context of a criminal prosecution based on allegations of noncompliance with a vague, constitutionally suspect, appropriations rider. We believe it unquestionable that this prospect embodies the potential for "lack of respect due coordinate branches of government" identified in Baker.

Finally, the difficulties of proof, given the indeterminateness of the restriction and its object, make the issue particularly inappropriate for judicial review and resolution. How would a court determine that the "purpose" the President or other Executive Branch officials may have had in mind when

UNCLASSIFIED

J 7921

they approved certain expenditures was to overthrow the Government of Nicaragua rather than to interdict arms? Although written in a different (but nonetheless analagous) context, we think Judge Kaufman's comments in DaCosta v. Laird, supra, 471 F.2d at 1155, are compelling:

> Judges, deficient in military knowledge, lacking vital information upon which to assess the nature of battlefield decisions, and sitting thousands of miles from the field of action, cannot reasonably or appropriately determine whether a specific military operation constitutes an "escalation" of the war or is merely a new tactical approach within a continuing strategic plan. What if, for example, the war "de-escalates" so that it is waged as it was prior to the mining of North Vietnam's harbors, and then "escalates" again? Are the courts required to oversee the conduct of the war on a daily basis, away from the scene of action? In this instance, it was the President's view that the mining of North Vietnam's harbors was necessary to preserve the lives of American soldiers in South Vietnam, and to bring the war to a close. History will tell whether or not that assessment was correct, but without the benefit of such extended hindsight we are powerless to know.

Based on these Baker factors, we are convinced that any attempt to enforce the Boland Amendment through a criminal prosecution under the Antideficiency Act would present a nonjusticiable political question.

Our conclusion that the issue is nonjusticiable does not deny Congress its legitimate role in the appropriations process. The Constitution grants Congress control over the purse. U.S. Const. Art. 1, § 9, cl. 6. But the limitation imposed by the Boland Amendment, while perhaps phrased in a certain manner for political purposes, is not stated in terms of an absolute, discernible spending prohibition. It is stated in general terms of the President's foreign policy objectives and purposes that are highly subjective and may be difficult to ascertain, particularly after the fact, on pain of criminal liability. Congress's role in the foreign policy process is most effective and enforceable when it expresses its objectives by identifying specific activities, within constitutional limits, and determines whether to fund or not to fund those activities.

UNCLASSIFIED

The issue here is also not strictly one of apportionment of political power that might require resolution by a court either because it involves procedural "ground rules" by which the power of the political Branches is allocated and exercised, cf. INS v. Chadha, 103 S. Ct. 2764, 2779-80 (1983); Wright v. United States, 302 U.S. 583 (1938); The Pocket Veto Case, 279 U.S. 655 (1929), or because it might involve a clear impingement by one Branch on the powers and prerogatives of another, cf. Buckley v. Valeo, 424 U.S. 1 (1976); United States v. Nixon, 418 U.S. 683 (1974); Myers v. United States, 272 U.S. 52 (1926). Rather, this involves a case of disagreement between the President and some Members of Congress over the foreign policy purpose that the President may or should have had in mind when he approved the expenditure of funds that had already been appropriated by Congress, that were adequate in amount for the activities for which they were to be spent, and that were authorized by Congress to be spent. The Supreme Court has often emphasized that the judiciary cannot resolve this sort of political dispute:

> Such decisions are wholly confided by our Constitution to the political departments of the government, Executive and Legislative. They are delicate, complex, and involve large elements of prophecy. They are and should be undertaken only by those directly responsible to the people whose welfare they advance or imperil. They are decisions of a kind for which the Judiciary has neither aptitude, facilities nor responsibility and which has long been held to belong in the domain of political power not subject to judicial intrusion or inquiry.

Chicago & Southern Air Lines v. Waterman Corp., 333 U.S. 103, 111 (1948) (citations omitted). See also Oetjen v. Central Leather Co., 246 U.S. 297, 302 (1918). Because a judicial inquiry into the President's foreign policy objectives respecting certain specified actions would be a highly questionable venture under the Constitution, we are confident that the courts would perceive the matter to be beyond their Article III powers.

Nor is this a case in which Congress lacks sufficient means of enforcing its own prerogatives and therefore needs the courts or the awkward and ill-suited criminal justice system

UNCLASSIFIED

J 7923

to maintain its side in the balance of power over how money shall be appropriated and spent. Congress could have imposed a spending limitation in terms of an absolute dollar amount, as it subsequently did in fiscal year 1984, if it had been the judgment of Congress that the Boland Amendment had failed to accomplish a particular political result. See, e.g., H. Rep. No. 122, Pt. 1, 98th Cong., 1st Sess. at 5-8 (1983); 129 Cong. Rec. H5749 (daily ed. July 27, 1983) (remarks of Rep. Boland); id. at H8393 (daily ed. Oct. 20, 1983) (remarks of Rep. Zablocki). Congress could have imposed a limitation in terms of the specific activities or some other easily identifiable, and verifiable, basis, assuming that such limitation did not impermissibly intrude on the President's inherent constitutional powers. See generally DaCosta v. Laird, supra, 471 F.2d at 1157 ("[W]e must recognize that those two coordinate branches of government -- the Executive by military action and the Congress, by not cutting off the appropriations that are the wherewithal for such actions -- have taken a position that is not within our power, even if it were our wish, to alter by judicial decree.").

Congressman Berueter's comments during the House debates on the 1984 Intelligence Authorization Act, reflecting on the history of the Boland Amendment, are instructive:

> I would begin by saying that I believe it was a mistake for the House to accept the leadership of this same House Select Committee on Intelligence on December 8 of 1982 when we approved the Boland amendment which continued to sanction limited covert assistance to Nicaraguan insurgent forces . . . . It was not appropriate for the relevant Intelligence Subcommittee to set limitations on such covert aid that clearly could not be met and then in 1983 to turn around on a straight partisan vote by the Intelligence Committee to end the covert aid that it had earlier, unrealistically, endorsed . . . . If Intelligence Committee leaders really wanted to recommend an end to all aid, they could have done so by simply suggesting that we approve the Harkins [sic] amendment, for which Mr. Boland offered his substitute on the 8th of December 1982.

UNCLASSIFIED

J 7924

> It is, therefore, unfortunately looking more and more like the debate and the vote of July 28, 1983, and the debate today is set up for partisan reasons.

129 Cong. Rec. H8400-01 (daily ed. Oct. 20, 1983).

Some of the alternatives available to Congress as an institution in the appropriations process may involve more difficult political decisions than those required by prohibiting Executive Branch activities with the "wrong" motive while authorizing those same activities if approved with a more acceptable motive. Nevertheless, if Congress intends to make criminal the act of violating legislative intent, we expect that the courts will require it to make those more difficult judgments for which its Members might be held accountable to their constituents. This course would require developing more precise, ascertainable and justiciable standards by which to measure the criminal behavior.

The Boland Amendment is a particularly inappropriate basis for a criminal prosecution because the standard that the Amendment purports to establish is itself extraordinarily vague and difficult to apply. See discussion supra at 15. A criminal statute must give sufficient notice to those who will be held accountable of which actions are prohibited and which are not. This principle has important constitutional underpinnings based on both the Due Process Clause and the Ex Post Facto Clause. 11/ A statute is void for vagueness if it "fails to give a person of ordinary intelligence fair warning that his contemplated conduct is forbidden by the statute." See Papachristou v. City of Jacksonville, 405 U.S. 156, 162 (1972), and cases cited therein. An important component of "appropriate definiteness" is "ascertainable standards of guilt." See Winters v. New York, 333 U.S. 507, 515 (1948). This requirement takes on special importance with regard to the Boland Amendment because of the highly comparable qualities which must be evaluated in determining what is a political question. See Baker v. Carr, supra, 369 U.S. at 217 (1962) ("lack of judicially discoverable and manageable standards for resolving" a political question), discussed supra at 14-16. Similarly, a statute is unconstitutionally vague if "it leaves judges and jurors free to decide, without any

---

11/ Implicit in the Ex Post Facto doctrine is the principle that it is unfair to apply a law to the defendant retroactively because he will have had no fair warning of the consequences of his conduct.

UNCLASSIFIED

legally fixed standards, what is prohibited and what is not in each particular case." *See* *Giaccio* v. *Pennsylvania*, 382 U.S. 399, 403 (1966) (jury to determine whether defendant shall pay costs); *see also* *United States* v. *Cohen Grocery Co.*, 255 U.S. 81 (1921) ("unjust or unreasonable rate or charge").

The usual context in which the Antideficiency Act has been applied has been limited to an insufficient appropriation for the agency to carry out its authorized responsibilities, *see* ___ Op. A.G. ___ (April 25, 1980) (determining that the FTC must close down upon exhausting its appropriations), or the absence of any appropriations for the agency, *see* ___ Op. A.G. ___ (Jan. 16, 1981) (with limited exceptions, the government must cease operations upon a lapse of appropriations). These two situations correspond roughly to the structure of 31 U.S.C. § 1341(a)(1) itself, which refers to contracts for the payment of money *before* an appropriation is made and to expenditures or obligations *in excess* of the amount of available appropriations. Here, *however*, there is both an authorization of certain activities (covert operations in Nicaragua) and an appropriation for those activities. The very same activity is lawful or not depending solely upon the intent for which it is undertaken. In our view, this intent cannot be determined in the context of a general appropriations restriction whose criminal penalties depend upon proof of a knowing and willful expenditure or obligation of funds in excess of or in advance of the available appropriation. The scope of the prohibition is itself unclear, and the criminal provisions of the Antideficiency Act have never been thought to be applicable to an appropriation that depends on the intent with which otherwise authorized and funded actions are taken.

Because of the inherently political character of the dispute; the vagueness of the limitation, which turns on the intent of the person who authorized the activity that resulted in an expenditure or obligation; and the absence of any standards cognizable by a judge or jury, we conclude that the criminal provisions of the Antideficiency Act would not apply in these circumstances and that a contrary construction would not be reasonable. We therefore conclude that on the basis of the allegations made, a violation of the Boland Amendment "could not reasonably be construed as involving a federal crime" under the Antideficiency Act. *Cf.* *Dellums II*, *supra*, 577 F. Supp. at 1452.

The constitutional concerns we have discussed in this memorandum are heightened in the particular circumstances of a case that implicates the independent counsel provisions

UNCLASSIFIED J 7926

of the Ethics in Government Act. That Act manifestly intrudes on the powers of the Executive Branch because it divests the President of the exclusively executive function to prosecute crimes and to appoint and remove officials responsible for the faithful execution of the laws. *See Myers* v. *United States*, 272 U.S. 52 (1926). The serious constitutional questions that arise under these provisions have been previously noted. [12/] If the Act were triggered here, it would not be difficult to imagine a wide variety of situations in which some members of Congress could require an investigation, and perhaps the appointment of an independent counsel, on the basis of a host of alleged infractions of "congressional intent." We do not believe that Congress intended such an unworkable result under either the independent counsel provisions or the Antideficiency Act.

For these reasons, we believe that the allegations contained in the April 9 Letter "could not reasonably be construed as involving a federal crime" under the Antideficiency Act. The Attorney General's responsibilities in responding to the letter with regard to the information relating to the Boland Amendment would be satisfied by a response that no crime has been alleged that requires the initiation of a preliminary inquiry.

Theodore B. Olson

Theodore B. Olson
Assistant Attorney General
Office of Legal Counsel

[12/] *See* Letter to Michael Davidson, Senate Legal Counsel, from Attorney General Smith, presenting the position of the Department on the constitutionality of the Special Prosecutor Act (April 9, 1981); Memorandum for the Attorney General from Acting Assistant Attorney General Simms, Office of Legal Counsel, re: Special Prosecutor Act (April 1, 1981).

MEMORANDUM **UNCLASSIFIED** 26 FN# 15

J 4808

THE WHITE HOUSE
WASHINGTON

PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

April 6, 1983

FOR: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

FROM: ROBERT F. TURNER
COUNSEL

SUBJECT: Preliminary Analysis of Legal Objections to Certain Alleged CIA Covert Activities in Central America

As you know, several Members of Congress and newspaper editorial writers have recently alleged that the Central Intelligence Agency may be involved in covert activities in Central America in violation of various provisions of domestic or international law. Specifically, it has been alleged that such activities may violate "the Neutrality Act," the 1973 War Powers Resolution, the requirements of the National Security Act and the Hughes-Ryan Amendment to the Foreign Assistance Act of 1961 that Congress be kept "fully and currently informed" about such activities, and the 1982 Boland Amendment prohibiting the use of funds "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." It has also been charged that these alleged CIA activities violate various provisions of international law, such as article 2(4) of the United Nations Charter and article 18 of the Charter of the Organization of American States.

~~[illegible]~~/ Released on 4/21/88
under provisions of E.O. 12356
by B. [illegible], National Security Council

This memorandum provides a preliminary review of the legal issues raised in these charges. It does not address the facts of any specific CIA activity, nor does it address the wisdom of policy decisions behind any such activity. It's purpose is to assist the Board in determining whether the charges have sufficient merit as a matter of law to warrant an in-depth investigation into the facts of the specific alleged activities or a report to the President.

Part I--ALLEGED VIOLATIONS OF UNITED STATES LAWS

This section will consider allegations that certain CIA activities are in violation of "the Neutrality Act," the War Powers Resolution, the Hughes-Ryan Amendment, and the Boland Amendment. It will then look briefly at the broader question of the legal basis for covert action in general.

UNCLASSIFIED

4393

UNCLASSIFIED

The Neutrality Act

In a December 8, 1982, editorial concerning an alleged CIA "secret war against Nicaragua," the New York Times wrote:

> These are, to begin with, illegal activities. The Neutrality Act expressly forbids the raising of secret armies to unseat a regime that the United States recognizes as lawful [sic].

Less than a month later, in an editorial entitled "Quit the Bay of Piglets," the Times again editorialized: "Any secret commitment of American forces to attacks in or against Nicaragua would violate both the Neutrality Act and the War Powers Act."[1] These allegations have been echoed by Members of Congress.[2]

The threshold question is this: Does the "Neutrality Act" constrain activities of the Central Intelligence Agency approved by the President? If not, it becomes unnecessary to address the specifics of the alleged activities said to violate the act. In order to establish the legislative intent, it is important to distinguish between various "neutrality" acts. While it is generally recognized that a major purpose behind the enactment in the mid-1930's of several neutrality acts was to restrain the President from involving the country in a European war,[3] the New York Times was referring to a much earlier "neutrality act," enacted under different conditions and for different purposes.

Having reviewed the various "neutrality acts" and other laws concerning foreign relations, I have identified two provisions which might on their face arguably constrain CIA activities in Central America. The Times almost certainly had in mind 18 U.S.C. §960, which provides:

> §960. Expedition against friendly nation
>
> Whoever, within the United States, knowingly begins or prepares a means for or furnishes the money for, or takes parts in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state or of any colony, district, or people with whom the United States is at peace shall be fined not more than $3,000 or imprisoned not more than three years, or both.

---

[1] New York Times, Jan. 5, 1983.

[2] See, e.g., 128 Cong. Rec. H9148 (daily ed., Dec. 8, 1982) (Rep. Harkin).

[3] See, e.g., Reveley, "Constitutional Aspects of United States Participation in Foreign Internal Conflicts," in Law and Civil War in the Modern World 174 (J. Moore ed. 1974).

UNCLASSIFIED

In addition, again also depending upon the specific facts of a given situation, it could be argued that Agency covert activities might violate 18 U.S.C. §956:

> §956. Conspiracy to injure property of foreign governments
>
> (a) If two or more persons within the jurisdiction of the United States conspire to injure or destroy specific property situated within a foreign country and belonging to a foreign government or to any political subdivision thereof with which the United States is at peace, or any railroad, canal, bridge, or other public utility so situated, and if one or more such persons commits an act within the jurisdiction of the United States to effect the object of the conspiracy, each of the parties to the conspiracy shall be fined not more than $5,000 or imprisoned not more than three years, or both.
>
> (b) Any indictment or information under this section shall describe the specific property which it was the object of the conspiracy to injure or destroy.

The first of these provisions (18 U.S.C. §960) is derived from the Neutrality Act of 1794, while the second was first enacted in 1917. It is helpful to review both acts to ascertain whether these provisions were intended to constrain activities carried out by a government agency with the approval of the President.

The Neutrality Act of 1794

Professor Charles G. Fenwick, in his 1913 study, The Neutrality Laws of the United States, provides this background to the enactment of the first neutrality act in 1794:

> [T]hroughout the summer of 1793 rumors were constantly being received that armies were being organized in the South and West by the agents of [French Ambassador] Genet. One army was preparing, it was said, to lay siege to New Orleans, then in the possession of Spain, while another was planning to march across Georgia and invade the Floridas. Governor Shelby, of Kentucky, refused to prosecute the alleged offenders, and replied to Jefferson that all citizens had a right to leave the state, and that there was nothing to prevent them from taking arms and ammunition with them.[4]

---

[4] C. Fenwick, The Neutrality Laws of the United States 24 (1913).

UNCLASSIFIED

FOR OFFICIAL USE ONLY

Concerned by these reports, President Washington said in his fifth annual report to the Congress in December 1793:

> As soon as the war in Europe had embraced those powers with whom the United States have the most extensive relations there was reason to apprehend that our intercourse with them might be interrupted and our disposition for peace drawn into question by the suspicions too often entertained by belligerent nations. It seemed, therefore, to be my duty to admonish *our citizens* of the consequences of a contraband trade and of hostile acts to any of the parties and to obtain by a declaration of the existing legal state of things an easier admission of our right to the immunities belonging to our situation. Under these impressions the proclamation which will be laid before you was issued. . . .
>
> Where *individuals* shall, within the United States, array themselves in hostility against any of the powers at war, or enter upon military expeditions or enterprises within the jurisdiction of the United States, or usurp and exercise judicial authority within the United States, or where the penalties on violations of the law of nations may have been indistinctly marked, or are inadequate--these offenses can not receive too early and close an attention, and require prompt and decisive remedies. [Emphasis added.][5]

In addition, both before and after this message Washington issued neutrality proclamations "exhorting all citizens to avoid acts tending to contravene" his neutrality policy.[6]

Congress responded to the President's request less than six months later by enacting the first Neutrality Act, which provided in part:

> Section 5. *And be it further enacted and declared*, that if any person shall within the territory or jurisdiction of the United States begin or set on foot or provide or prepare the means for any military expedition or enterprise to be carried out from thence against the territory or dominions of any foreign prince or state with whom, the United States are at peace, every such person so offending shall upon conviction be adjudged

---

[5] I J. Richardson, *Messages and Papers of the Presidents* 131 (1897).

[6] H. Weaton, *Elements of International Law* §439n. (R. Dana, 8th ed. 1866).

UNCLASSIFIED

J 4812

> guilty of a high misdemeanor, and shall suffer fine and imprisonment at the discretion of the court in which the conviction shall be had, so as that such fine shall not exceed three thousand dollars nor the term of imprisonment be more than three years.[7]

Rather than being aimed at constraining the President, this act was passed at the express request of the President (and indeed required the support of the Vice President to break a tie vote in the Senate).[8] The statute was to expire after two years, but in 1797 was extended in force for another two years, and it became a permanent law by act of April 24, 1800.[9]

It seems clear that by 1866, when Dana's edition of Wheaton's Elements of International Law was published, the 1794 Neutrality Act was viewed as a constraint on the activities of private citizens. In a lengthy footnote, Dana writes of the "sovereign power of every State" to "interfere to prevent its subjects from engaging in the wars of other States, by which its own peace might be endangered, or its poltical or commercial interests affected. [Emphasis added.]"[10] In this context, he then referred to "[t]he example of the American government" as "vindicating the justice and policy of preventing the subjects of a neutral country from enlisting in the service of any belligerent power, and of prohibiting the equipment in its ports of armaments in aid of such power. [Emphasis added.]" Dana continues: "Such was the conduct of that government under the presidency of Washington, and the secretaryship of Jefferson; and such was more recently the conduct of the American legislature in revising their neutrality statutes in 1818 . . . ."[11]

In 1896 the Supreme Court noted that "[t]he prohibition against military expeditions 'must be reasonably construed, and not so as to defeat the obvious intention of the legislature.'"[12] Discussing the same statute a year later in United States v. The Three Friends, the Court observed that "no nation can permit unauthorized acts of war within its territory in infraction of its sovereignty [emphasis added],"[13] and noted:

---

7. 1 Stat. 384.
8. United States v. The Three Friends, 166 U.S. 1, 53 (1897).
9. Fenwick, The Neutrality Laws of the United States 27.
10. Weaton, Elements of International Law §439.
11. Ibid.
12. Wiborg v. United States, 163 U.S. 632, 647 (1896), quoting United States v. Lacher, 134 U.S. 624, 628 (1890).
13. 166 U.S. at 52.

UNCLASSIFIED
~~FOR OFFICIAL USE ONLY~~

> [I]t was deemed advisable to pass the act . . . in order to provide a comprehensive code in prevention of acts by individuals within our jurisdiction inconsistent with our own authority, as well as hostile to friendly powers. [Emphasis added.][14]

It seems beyond question that the obvious intention of the legislature in passing the predecessor to 18 U.S.C. §960 was to outlaw unauthorized acts of hostilities by private citizens, not to restrict the activities of U.S. intelligence agencies approved by the President. Legal authorities and lay commentators have recognized that the statute does not apply to governmental activities,[15] but the issue has to my knowledge not been decided by the courts. In the 1976 case of Bennett v. United States Department of Defense,[16] a freedom of information suit in the U.S. District Court for the Southern District of New York, it was contended that the documents sought would show that U.S. intelligence agencies had violated 18 U.S.C. §§956 and 960 by conducting "expeditions" against Cuba. In response, the Department of Justice argued:

> 18 U.S.C. §§956 and 960 are not proscriptions against activities conducted by the Government, but are solely designed to prohibit actions by individuals acting in a private capacity which might interfere with the foreign policy and relations of the United States, and are to be enforced by criminal authorities.[17]

The court found it unnecessary to address this issue, noting that even if the allegations were true "there is nothing in the FOIA, its legislative history, or in Executive Order 11652 to suggest that information vital to the national security is not worthy of protection solely because of the means employed to obtain it."[18]

---

[14] Ibid. at 53.

[15] See, e.g., 78 Am.Jur. 2d §160 (1975) ("Breaches of neutrality such as arise from official acts obviously do not concern the established courts of justice . . . . Such acts of individuals, however, as amount to violations of neutrality are taken cognizance of by municipal law."); Los Angeles Times, Feb. 3, 1983 (referring to possible prosecution of former Green Beret Bo Gritz for trying to rescue alleged POW's in Laos: "The law bans furnishing money for any private military 'expedition or enterprise' against such countries as Laos, with which the United States is at peace [emphasis added]"; Note, "Nonenforcement of the Neutrality Act: International Law and Foreign Policy Power Under the Constitution, 95 Harv. L. Rev. 1955, 1956 (1982) (referring to "the international and domestic laws that have been invoked throughout American history against private expeditions aimed at toppling unstable foreign regimes [emphasis added]."

[16] 419 F.Supp. 633 (S.D.N.Y. 1976).

[17] Memorandum in Support of Defendants' Motion for Summary Judgment at 7, Bennett v. United States Department of Defense.

The Smith Case

Those who contend that 18 U.S.C. §960 restricts activities of government agencies rely heavily, if not entirely, upon an 1806 decision of the U.S. Circuit Court for the District of New York, *United States v. Smith*.[19] When considered in context, this case is found to be clearly distinguishable on both factual and legal grounds.

In the early nineteenth century, many Americans were sympathetic to the cause of Spanish colonies in Latin America that wished to follow the example set by the U.S. in 1776. Professor Fenwick writes:

> It was doubtless in many cases not only the cause of liberty which induced American adventurers to take part in the struggle, but the opportunity thereby offered of sharing in the rich harvest of plunder to be obtained by preying upon the commerce of Spain. While *the government of the United States strictly refrained from giving any aid to the struggling colonies*, it found great difficulty in preventing *individual citizens* from taking up the cause of the revolutionists. [Emphasis added.][20]

William S. Smith, the defendant, had been charged with "setting on foot, and providing the means for a military expedition to be carried out from the city of New York against the dominions of Spain in South America."[21] If nothing else Smith's attorneys were creative, and they sought to delay the trial until the court could compel the appearance of Secretary of State James Madison and various other senior government witnesses. When those officials provided an affadivit stating that they had no knowledge of the case, that they would be willing to give depositions in Washington, but that their official duties prevented them from traveling to New York at the time, this was declared unacceptable by defense counsel, who asked that trial be delayed until the witnesses could be compelled to appear. Further, counsel for defendant sought to introduce into evidence a variety of presidential statements and messages to the Congress.

---

18. 419 F.Supp. at 666.
19. 27 F. Cas. 1192, 1233 (D.N.Y. 1806) (Nos. 16,342 and 16,342a).
20. Fenwick, *The Neutrality Laws of the United States* 32.
21. 27 F. Cas. at 12333.

UNCLASSIFIED

From the lengthy trial record it appears that Smith put forth two main arguments. He said that he would prove by the testimony of the witnesses that the enterprise in question "was begun, prepared, and set on foot with the knowledge and approbation of the president of the United States . . . and . . . the secretary of state . . . ."[22] In addition, since an element of the offense charged was that the United States and Spain were "at peace" at the time of the alleged offense, he sought to prove by Secretary Madison's testimony and the various presidential documents that the two States were in fact at war.

The strained nature of the defendant's argument is apparent from this explanation by Smith's counsel:

> We shall show from the journals of congress when their secret session began, and how long it continued. We shall prove that it was universally believed that congress had secretly passed an act for going to war with Spain. We shall read the president's message at the opening of the last congress, and a variety of documents communicated by him, on the sixth of December. And we shall then, from proving the notoriety of the preparation for General Meranda's expedition as well here as at Washington, and by a variety of other circumstantial testimony, bring home to the president the knowledge we impute to him.[23]

Shortly thereafter, this exchange occurred between Justice Paterson and defense counsel Emmett.

> PATERSON, Circuit Justice. You state in the affidavit that it was done with the knowledge and approbation of the president, but is it stated in the affidavit that he authorized the fitting out of the expedition?
>
> Emmett. I conceive it was not necessary; for though I have argued upon the effects of an authorization, it was only to show that the argument of adverse counsel went much too far, when they contended that the president could not authorize any such measure. For our defence, it will be only necessary to show that tne president was, under the circumstances of the times, warranted to provide and prepare the means for a military expedition; and that, in what he might do, we acted with his knowledge and approbation. "Qui prohibere potest et non prohibet, jubet." The knowledge and approbation

---

[22] Ibid. at 1196.

[23] Ibid. at 1200.

UNCLASSIFIED

UNCLASSIFIED

> of the chief magistrate and heads of departments, ff we shall prove them to have been sufficiently express and positive, will amount to justification; but even if we shall fail in establishing them to that extent, they will still afford very powerful inducements for mitigating the punishment.[24]

Not only was the President's "knowledge" to be imputed by the notoriety of the preparations, but his "approbation" seems to have been inferred from his failure to warn Smith that his action would violate the law. Smith's counsel argued:

> I have already said that the president is to be considered as the parent of the American family. As such, he was bound to warn them against the commission of any criminal proceedings that came to his knowledge, and he could not neglect to do so without a violation of his duty.[25]

Thus this was not a case in which the President had directed government officials to conduct an operation, but rather a clearly private venture of which it was alleged the President should have been aware. The prosecutor summarized the second major defense argument in this way:

> But the adverse counsel say, that war may exist in fact, though not declared by congress . . . . And may not *individuals*, in such a state of things, undertake military enterprises against the offending nation without incurring the penalities of the statute? [Emphasis added.][26]

He then provided the government's interpretation of the statute:

> The plain and obvious meaning of this statute is, that while the government of the country are at peace, all the citizens should be bound to observe the duties of that situation, and *the very object of the statute* is to prevent *individuals* from plunging the nation into war, by their own *unauthorized* acts of violence. [Emphasis added][27]

In response, counsel for the defense said:

> We fully admit, that an individual acting offensively against a common enemy, must be regularly authorized

---

24. *Ibid.* at 1221.
25. *Ibid.* at 1226.
26. *Ibid.* at 1239.
27. *Ibid.*

UNCLASSIFIED

~~FOR OFFICIAL USE ONLY~~

> by his own government, otherwise his aggressions might be deemed piratical, and himself rendered liable to punishment, as well by the foreign nation as by our own tribunals. The court surely understands that Col. Smith is not charged with an offence of this nature; that the indictment is founded on a particular statute; and that to bring him within its penalty, Spain must have been at peace with the United States. But we offer to prove her at war, and the sole question is on the admissibility of the evidence, necessary to establish that fact. . . .
>
> I conclude with entreating the court always to distinguish, that we are not indicted for any offence against the law of nations; but charged with infracting a particular statute, of which there could be no breach, if Spain was at war with us.[28]

In charging the jury, Judge Tallmadge explained:

> That [it is claimed] these means were so provided and prepared by the knowledge and approbation of the president and secretary [of State], you have already the opinion of the court, can afford the defendant no justification in the breach of positive law, however far the fact, if so, may operate to produce a pardon from the executive.[29]

It is this language that has been relied upon to establish the proposition that 18 U.S.C. §960 prohibits the President from authorizing the CIA to conduct covert activities. From the record there appears to have been no suggestion by Smith's counsel that he was acting in an official capacity or that the government had initiated the expedition. The Smith case is simply not on point. Further, it can be suggested that if Smith had concluded that the legislative intent behind 18 U.S.C. §960 was to prohibit government activities authorized by the President, the case would have been decided in error. A contrary legislative intent seems clear from the record.

Neutrality Act of 1917

During World War I Congress passed "An Act to Punish Acts of Interference with the Foreign Relations, the Neutrality, and the Foreign Commerce of the United States, to Punish Espionage and Better to Enforce the Criminal Laws of the United States, and for Other Purposes."[30] Commonly referred to at the

---

[28] Ibid. at 1240, 1242.
[29] Ibid. at 1245.
[30] 40 Stat. 266.

UNCLASSIFIED

time as the "spy" bill or the espionage bill,[31] its text had been written by the Justice Department in cooperation with the Department of War and the Department of the Navy.[32] Its terms were frequently discretionary, providing in various parts that "The President may" act "as he deems necessary" (emphasis added),[33] that "the President may withhold clearance," (emphasis added),[34] that "the President . . . may detain . . . ." (emphasis added),[35] and that "Whenever . . . the President shall find that the public safety shall so require, . . . it shall be unlawful to export . . . ."[36] The most controversial provision (finally rejected), would have in the words of the House floor manager (Representative Webb) authorized "the President by proclamation to declare the existence of a national emergency, arising either out of war or a threat of war, and by proclamation to prohibit the publishing or communicating of information relating to the national defense which, in his judgment, is of such character that it is or might be useful to the enemy [emphasis added]."[37] This was clearly a bill to increase the President's power, not to limit it, and much of the floor debate centered around the need to "trust" the President on the one hand,[38] and the fear that the bill might grant him too much power, on the other.[39]

Again and again it was stressed that the purpose of the bill was to restrict "individual citizens"[40] and "the public,"[41] and to prevent "unlawful acts against the Government."[42] When it was suggested that the bill's censorship provisions might prevent the Navy or War departments from giving out public information, Congressman LaGuardia responded: "This bill is not intended to curb the War Department or the Navy Department from giving out information. It is to curb other people from giving information."[43]

The provision outlawing conspiracies "to injure or destroy specific property situated within a foreign country and belonging to a foreign government . . . with which the United States is at peace" (now codified at 18 U.S.C. §956) was not

---

[31] 55 Cong. Rec. 1965 (Rep. Morgan).
[32] Ibid. at 1591, 1695.
[33] Title II, §4.
[34] Title V, §1.
[35] Title V, §2.
[36] Title VII, §1.
[37] 55 Cong. Rec. 1592.
[38] See, e.g., ibid.
[39] See, e.g., ibid. at 1601.
[40] Ibid. at 1695.
[41] Ibid. at 1590.
[42] Ibid. at 1750.
[43] Ibid. at 1696.

UNCLASSIFIED

4819

included under the "Enforcement of Neutrality" provisions in Title V, but rather in Title VIII, which was entitled "Disturbance of Foreign Relations." This is significant. The Supreme Court has frequently observed that the President is the "sole organ of the Federal Government in the field of international relations"[44]--it can hardly be contended that the President should be treated like a private citizen if his official actions "disturb" our foreign relations.

Although as noted above[45] the Department of Justice has argued that 18 U.S.C. §956 does not apply to the government, there has been only one actual prosecution under the statute in it's sixty-six year history. In 1967 a copper speculator was charged with conspiring to destroy a railroad bridge in Zambia in order to keep copper off the international market and enhance the value of his own investment. Noting that the statute had not previously been used, he attempted to raise an equal protection claim. In its decision in United States v. Elliott,[46] the U.S. District Court for the Southern District of New York observed:

> He has not offered evidence even touching upon an example of any other person who conspired to destroy property in any nation with which the United States was clearly at peace and who was not prosecuted. Instead, he has raised situations such as North Vietnam or the Bay of Pigs where government complicity would effectively bar any prosecution. [Emphasis added.][47]

It would thus seem beyond reasonable doubt that 18 U.S.C. §956 does not restrict presidentially-approved activities of the Central Intelligence Agency.

The War Powers Resolution

During floor debate in the House of Representatives last December concerning alleged U.S. covert activities in Central America, Congressman Leach of Iowa alleged:

> Finally, U.S. covert military involvement in Central America raises again troubling questions related to the authorities of the executive branch under the War Powers Act. . . . Clearly the situation confronting the Congress today raises the question as to whether the administration is committed to a policy in Central America which

---

[44] United States v. Curtiss-Wright Export Corp., 299 U.S. 304, 319-20 (1936); Haig v. Agee, 453 U.S. 280, 291 (1981); Dames & Moore v. Regan, 453 U.S. 654, 661 (1981).

[45] See supra, note 17 and accompanying text.

[46] 266 F.Supp. 318 (S.D.N.Y. 1967).

[47] Ibid. at 324.

UNCLASSIFIED

J 4820

> may lead to a violation of the spirit if not the letter of the War Powers Act. . . . Congress should act today to hold the administration accountable for its activities under the War Powers Act . . . .[48]

Less than a month later, the New York Times editorialized on the same subject: "Any secret commitment of American forces to attacks in or against Nicaragua would violate . . . the War Powers Act."[49]

This suggestion can be dealt with quickly. The 1973 War Powers Resolution simply does not apply to CIA activities which do not involve a commitment of U.S. Armed Forces personnel.[50] Indeed, that fact was apparent to the legislators who enacted the bill and was a source of deep concern to some of them. On July 20, 1973, Senator Thomas Eagleton introduced an amendment to the war powers bill which would have included within it coverage:

> Any person employed by, under contract to, or under the direction of any department or agency of the United States Government who is either (a) actively engaged in hostilities in any foreign country; or (b) advising any regular or irregular military forces engaged in hostilities in any foreign country.[51]

As Senator Muskie explained: "The purpose of this amendment . . . is to give the Congress greater control over the paramilitary activities of the Central Intelligence Agency."[52] Senator Fulbright warned that if the amendment was not adopted, "any future President can end-run the law and use the CIA in this fashion."[53]

---

[48] 128 Cong. Rec. H9150 (daily ed., Dec. 8, 1982).

[49] New York Times, Jan. 5, 1983.

[50] However, the assignment of members of U.S. Armed Forces "to command, coordinate, participate in the movement of, or accompany the regular or irregular military forces of any foreign country or government when such military forces are engaged, or their exists an imminent threat that such forces will become engaged, in hostilities" is covered by section 8(c) of the War Powers Resolution. From what the Board has been told and from press accounts this does not appear to fit the present case. Further, it might be argued that this language is inapplicable because the "contras" are not "regular or irregular military forces of any foreign country or government . . . ." [Emphasis added.] (I would not recommend such an analysis.)

[51] 119 Cong. Rec. 25081.

[52] Ibid.

[53] Ibid. at 25084.

UNCLASSIFIED

~~[illegible]~~

UNCLASSIFIED

Opposition to the Eagleton Amendment was led by Senator Javits --the principal sponsor of the war powers bill--who argued against changing the bill and noted:

> Another important consideration is that there [--] outside the Armed Forces, was [sic] are covered by the bill [--] is no agency of the United States which has any appreciable armed forces power, not even the CIA. They might have some clandestine agents with rifles and pistols engaging in dirty tricks, but there is no capability of appreciable military action that would amount to war. Even in the Laotian war, the regular U.S. Armed Forces had to be called in to give air support. The minute combat air support is required you have the Armed Forces, and the bill becomes operative.[54]

When the amendment was put to a roll call vote, it was defeated 34 to 53.[55] Two years later, in 1975, Senator Eagleton again moved to include CIA paramilitary activities within the provisions of the War Powers Resolution, but no action was taken on his bill.[56]

It is therefore clear that involvement by CIA employees in paramilitary activities is not covered by the War Powers Resolution. A different result might be indicated were there evidence that members of the U.S. Armed Forces on detail or otherwise under the direction of the CIA were involved in such an operation. Certainly any entry into Central America by members of the U.S. Armed Forces while "equipped for combat" or under circumstances which clearly indicated "imminent involvement in hostilities" would appear to require a report to Congress and (depending upon the circumstances) prior consultation. I am still investigating, but thus far I have no reason to believe that any members of the armed forces are so involved. There have been reports that 15 to 20 U.S. Air Force pilots have been involved in conducting reconnaissance flights over Nicaragua for intelligence gathering purposes,[57] but unless they were "equipped for combat" or imminent involvement in hostilities were "clearly indicated by the circumstances," such activities would not trigger the provisions of the War Powers Resolution.

Keeping Congress Informed

In enacting the Intelligence Authorization Act for Fiscal Year 1981,[58] the Congress required by statute that it be kept "fully and currently informed" about, *inter alia*, all covert activities. This was done by amending the 1974 Hughes-Ryan Amendment to the Foreign Assistance Act of 1961[59] to designate every CIA operation in a foreign country other than "activities intended solely for obtaining necessary intelligence" as "a significant anticipated intelligence activity," and then adding a new title to the National Security Act of 1947. As amended, section 501 of the National Security Act provides that the DCI and the heads of other departments and agencies within the Community shall:

---

[54] *Ibid*. at 25082.
[55] *Ibid*. at 25092.
[56] 121 *Cong. Rec*. 15579-83.
[57] *New York Times*, April 3, 1983.
[58] Pub. L. 96-450, 94 Stat. 1975, 1981 (1980).
[59] Pub. L. 93-559, 88 Stat. 1985 (1974)

UNCLASSIFIED

[illegible]

> (1) keep the [congressional intelligence committees] . . . fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by or are carried out for or on behalf of, any department, agency, or entity of the United States, including any *significant anticipated intelligence activity*, except that (a) the foregoing provision shall not require approval of the intelligence committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (b) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the intelligence committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate . . . . [Emphasis added.]

In recent months there have been allegations in the press that, in the words of one account, "the Administration is probably violating the spirit, if not the letter, of the requirement that such operations be reported to the Congressional intelligence committees--a requirement adopted precisely to prevent the executive branch from conducting secret wars behind Congress's back."[60]

I have made a preliminary investigation of this charge--including lengthy discussions with both Republican and Democrat senior staff members on the Senate Select Committee on Intelligence. I am led to believe as a result that the CIA has been very candid in reporting to that committee under these statutes. I can pursue this further if the Board wishes, but to do a thorough job would require both access to the transcripts of Agency briefings and a more detailed knowledge of the alleged activities in question. I'm not certain that level of effort is warranted by the sort of unsourced allegation we are dealing with here.

---

[60] *New York Times*, Nov. 18, 1982.

The Boland Amendment

The Intelligence Authorization Act for FY 1983 included a classified annex which expressed the "sense of the conferees" that no funds authorized by the act should be used "to overthrow the Government of Nicaragua or to provoke a military exchange between Nicaragua and Honduras."[61] I was informed by congressional staff sources (who asked that their identities be protected) earlier this year that some members of the intelligence committees felt that this restriction (if a non-binding "sense of the conferees" provision can be so characterized[62]) was not being observed.

On December 8, 1982, when the continuing resolution for FY 1983 was pending before the House, Congessman Harkin introduced an amendment as follows:

> None of the funds provided in this Act may be used by the Central Intelligence Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of assisting that group or individual in carrying out military activities in or against Nicaragua.[63]

While this was being debated, House intelligence committee chairman Boland made public the above mentioned classified annex and proposed a substitute amendment to the Harkin amendment reading as follows:

> None of the funds provided in this Act may be used by the Central Intelligence Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of overthrowing the Governnment of Nicaragua or provoking a military exchange between Nicaragua and Honduras.[64]

In return, Congressman Harkin offered a substitute to the Boland substitute which read:

> None of the funds provided in this Act may be used by the Central Intelligence Agency or any

---

61. 128 *Cong. Rec.* H9156 (daily ed., Dec. 8, 1982).
62. Here I am not suggesting that it might be politically wise to ignore the expressed opinion of the conferees--I am only saying that in this form the language is not legally binding.
63. 128 *Cong. Rec.* H9148 (daily ed., Dec. 8, 1982).
64. *Ibid.*, at H9158

> agency of the Department of Defense to furnish military equipment, military training or advice or other support for military activities, to any individual or group which is not part of a country's armed forces and which is already known by that agency to have the intent of overthrowing the Government of Nicaragua or of provoking a military conflict beween Nicaragua and Honduras.[65]

The Harkin substitute was defeated by a vote of 13 to 27 on a division of the House,[66] and on a roll call vote the Boland substitute passed 411 to 0.[67] This language was subsequently accepted by the Senate in conference, and became law when the act was signed by the President.

Most of the recent legal criticism of alleged U.S. covert activities in Central America centers around this law. In late March, 37 House members sent a letter to the President reportedly warning that CIA activities in Central America may be violating the law.[68] Senator Moynihan, the ranking Democrat on the Senate intelligence committee, has been quoted by the *New York Times* as saying that while the committee has not as yet reached a consensus on whether the Boland amendment has been breached, "A growing number of my colleagues question whether the C.I.A. is complying with the law . . . ."[69] Shortly thereafter, the *Washington Post* quoted Moynihan as saying that "a crisis of confidence" was building over this issue between Congress and the intelligence agencies. "'It is absolutely necessary that the administration obey the law,' said Moynihan, who expressed the view that either the law or the operations must be changed because the current situation is untenable."[70] Senator Goldwater has also been quoted as believing that the CIA might be involved in "plans to destabilize the Nicaraguan government,"[71] but an inquiry to his office produced a denial that he had made any such statement.[72]

---

65. *Ibid*., at H9159.
66. *Ibid*.
67. *Ibid*.
68. *New York Times*, April 1, 1983.
69. *Ibid*.
70. *Washington Post*, April 3, 1983.
71. *Christian Science Monitor*, March 29, 1983.
72. On March 29 I telephoned Denny Sharon, Senator Goldwater's Armed Services Legislative Assistant (Robb Simons, Goldwater's man on the intelligence committee, was out of town). Denny was unfamiliar with the *Monitor* article, but copied down the key language and said he would check with the Senator (who was out of town). On the morning of March 31, Denny called me back and said the Senator told him that he had made no such statement concerning alleged U.S. involvement in Nicaragua and that he would send a communication to the *Monitor* disavowing their account.

The words "for the purpose of . . . " are critical to understanding the Boland Amendment. Does this bar expenditure of funds by the CIA only when the Agency's purpose is to overthrow the Nicaraguan government or to provoke a confrontation with Honduras, or does it also bar funding of a paramilitary group when the Agency's purpose is to pressure Nicaragua to cease its aggression against El Salvador but when the receipient group's objective is to overthrow the Nicaraguan government? The administration has taken the former view--that it is the CIA's "purpose" that is controlling--while at least some congressional critics have suggested that if either the CIA or a group receiving CIA funds has the "purpose" of overthrowing the Government of Nicaragua or provoking an exchange with Honduras the statute prohibits assistance to that group. The Washington Post recently reported:

> Chairman Michael D. Barnes (D-Md.) of the House Foreign Affairs subcommittee on Latin America, said CIA attorneys argue that continued spending is legal because the "purpose" of the U.S. agencies supplying money and weapons to the insurgents is not to overthrow the Nicaraguan regime, even if the purpose of the guerrillas who receive the support is to do so. "Not a jury in the country would accept this, and the House will not accept it," said Barnes.[73]

A similar intepretation was given by New York Times columnist Tom Wicker, who wrote:

> Whether the goal is to overthrow the Sandinists or merely make them more amenable to Reagan Administration pressures is not so clear.
>
> . .
>
> Either way, the C.I.A. operation appears to be violating the Boland Amendment, which prohibits support of paramilitary forces "with [sic--should read "for"] the purpose" of overthrowing the Nicaraguan Government. Philip Taubman of the Times reports that C.I.A. officials claim they aren't trying to overthrow that Government, hence are observing the letter of the Boland Amendment. That's like saying you're hitting a man with a hammer but not trying to kill him; and it's the kind of sleazy, hair-splitting "deniability" that debases language and credibility alike.[74]

---

[73] Wash. Post, April 3, 1983.
[74] New York Times, April 1, 1983.

UNCLASSIFIED

J 4826

The distinction between the CIA's "purpose" and that of the insurgents allegedly being financed and supplied is an important one, because they don't appear to coincide. Consider this report by Washington Post writer Christopher Dickey, who recently spent time with anti-government guerrillas in Nicaragua:

> "The United States is helping us in a way we don't want. They are saying no, no, no to everything. Our men want to do spectacular things," complained one counterrevolutionary political leader outside Nicaragua who was instrumental in setting up our visit. "You have the momentum, and they stop you. It's like an invisible hand holding strings."
>
> As did his men on the ground here, he dismissed the Reagan administration's assertion to Congress that Washington's support for the anti-Sandinistas is intended essentially to cut the Nicaraguan government's arms supplies to insurgents in El Salvador.
>
> "The people who are fighting, they are not fighting to stop the weapons," the counterrevolutionary leader said "We are fighting to liberate Nicaragua."
>
> As [guerrilla leader] Suicide put it here in the middle of the war zone, "we're not going to stop the transport of arms and supplies to the Salvadoran guerrillas or the Guatemalan guerrillas until we cut the head off the Sandinists."[75]

Fortunately, the legislative language is less ambiguous than might at first glance appear to be the case. Particularly when read in context, it is in my view beyond reasonable doubt that Congress was referring to the "purpose" of the CIA and DoD, not the purpose of the individuals and groups receiving assistance from the CIA.

To begin with, the Amendment prohibits the use of certain funds "by the Central Intelligence Agency or the Department of Defense" to furnish certain specified assistance to any "group or individual" "for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras." [Emphasis added.] That is to say, the law prohibits the expenditure of funds "by" the CIA "for" the prohibited purpose. Had the Congress intended to

---

[75] Washington Post, April 3, 1983.

UNCLASSIFIED

FOR OFFICIAL USE ONLY

prohibit CIA assistance "to any individual or group which is not a part of a country's armed forces and which is already known by that agency to have the intent of overthrowing the Government of Nicaragua or of provoking a military conflict between Nicaragua and Honduras," it would presumably have so stated. Indeed, immediately before unanimously adopting the Boland Amendment, the House considered and overwhelmingly *rejected* the language I have just quoted, which had been proposed by Congressman Tom Harkin as a substitute to the Boland Amendment. The key difference between the unanimously approved Boland Amendment and the Harkin substitute (which was defeated by a margin of greater than two to one) was that Boland restricted the CIA's "purpose," while Harkin was triggered by the CIA's knowledge of the "intent" of a paramilitary group or individual.

Accepting this interpretation, it is not legally relevant whether the Government of Nicaragua is in fact eventually overthrown, or an exchange between Nicaragua and Honduras takes place. What matters is the motive or purpose for which the assistance is provided. Assistance provided to pressure Nicaragua to cease its intervention in El Salvador--even if it resulted in the fall of the present regime--would not be unlawful; while assistance given to overthrow that regime, even if totally ineffective or actually counterproductive, would violate the law.

Some congressional critics appear to acknowledge that the "letter" of the Boland Amendment has been followed, but charge that the CIA may be violating its "spirit" by failing to maintain adequate control over the paramilitary forces receiving assistance.[76] Congress may indeed be concerned about the possible consequences of a successful paramilitary effort to overthrow the Sandinistas and the accompanying risks of a conflict between Honduras and Nicaragua--and from both a policy and a political standpoint these considerations may warrant careful attention by administration decision-makers--but as a matter of law it is inappropriate to attach the terms of the rejected Harkin Amendment as baggage to the Boland Amendment. The record shows that the House considered and rejected language which would have prohibited assistance to paramilitary groups intending to overthrow the Nicaraguan government. To suggest that the Harkin Amendment was somehow incorporated into the "spirit" of the Boland Amendment is in my view simply unpersuasive.

---

[76] "Members of the Senate Intelligence Committee, including Democrats and Republicans, said this week that a majority of senators on the panel think that the C.I.A. has insufficient control over the paramilitary forces that it supports in the region. . . . [They] said that sentiment on the committee runs strongly to the view that the law has been violated in spirit if not in letter." *New York Times*, April 1, 1983. *See also*, *ibid.*, March 30, 1983: "Senator Patrick J. Leahy, Democrat of Vermont, visited Central America earlier this year for the Senate intelligence committee. Members who have read a report that Mr. Leahy prepared about his visit said it had left little doubt that the agency, while following the letter of the Boland amendment, was violating its spirit."

Although not legally relevant, it is perhaps worth noting that concerns that the paramilitary contras may succeed in overthrowing the Government of Nicaragua or provoking a conflict between that State and Honduras may be exaggerated. While there have been reports by journalists who have travelled with the contras of significant peasant support for the guerrillas and resentment of the Nicaraguan government,[77] there seems to be little reason to believe victory is in sight. Consider this assessment by a Washington Post reporter from Managua:

> The worries do not seem to be military for the most part. The several thousand counter-revolutionary guerrillas reported to be operating in various zones inside Nicaragua pose little serious challenge to the Sandinistas' 22,000-man conventional army, backed by more than 10,000 trained militia reserves and tens of thousands more volunteer militiamen with rudimentary drill under their belts.
>
> And despite several warnings that Honduras risks war by allowing the antigovernment Nicaraguans to use its territory, Sandinista officials and foreign diplomats say such a conflict is unlikely unless one side or the other makes a severe miscalculation.[78]

Despite the frequent allegations in the press and by some members of the Congress that the Boland Amendment is being violated, I have to date encountered no persuasive evidence that the CIA or the Defense Department is providing assistance to any group for the purpose of overthrowing the Government of Nicaragua or provoking a confrontation with Honduras. Until evidence to that effect can be obtained, I am not prepared to conclude that either the letter or the "spirit" of the Boland Amendment is being violated.

---

77. See, e.g., Washington Post, April 5, 1983 ("In the six days another reporter and I spent traveling through this province with the U.S.-backed soldiers fighting to overthrow the leftist Sandinista government we saw a pattern of support for the contras by people with many grievances against the revolutionary government in Managua.")
78. Washington Post, March 8, 1983.

UNCLASSIFIED

Legal Authority for Covert Action

Since the days of President George Washington nearly every U.S. president has used "secret agents" to carry out intelligence activities--not infrequently activities which would be called "covert actions" in today's parlance.[79] It is widely believed that Congress had such activities in mind when it provided in section 102(d)(5) of the National Security Act of 1947 that the CIA's duties included:

> to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.[80]

(If one accepts this as affirmative statutory authority for covert action, it would also strengthen the case that 18 U.S.C. §§956 and 960--discussed supra--do not inhibit the CIA since when statutes conflict the later in time prevails.[81]) There is implicit authority for covert actions in the Hughes-Ryan Amendment to the Foreign Assistance Act of 1961, which requires that such activities be accompanied by a presidential finding and that they be reported to the Congress.[82] Furthermore, both the House and the Senate have considered and strongly rejected amendments aimed at outlawing covert action.

On September 24, 1974, Congresswoman Holtzman offered an amendment to a continuing appropriations bill which would have prohibited funds from being "expended by the Central Intelligence Agency for the purpose of undermining or destablizing the government of any foreign country."[83] While some of the opposition expressed to the Holtzman amendment was on procedural grounds, there were may substantive comments on both sides of the issue. A number of members spoke highly of alleged CIA covert activities--typical perhaps was this statement by Congressman Conlon:

> If we want to get into the merits of Chile, if the CIA had anything to do with it, it probably was one of their finest jobs in helping bring that country out of a Communist dictatorship and bringing it back into the free world. . . . To cut off our covert intelligence operations would be a vote for national suicide.[84]

When the final vote was taken, the Holtzman amendment was defeated by a margin of nearly three-to-one (108-291).[85]

---

[79] See generally, H. Wriston, Executive Agents in American Foreign Relations (1929)
[80] Codified at 50 U.S.C. §403.
[81] Whitney v. Robinson, 124 U.S. 190 (1888).
[82] 88 Stat. 1975; 94 Stat. 1981.
[83] 120 Cong. Rec. 32441.
[84] Ibid., at 32443.
[85] Ibid.

FOR OFFICIAL USE

UNCLASSIFIED

4830

There was little if anything said in the debate to suggest that members thought such activities were already unlawful.

Similarly, on October 2, 1974, Senator James Abourezk introduced an amendment to the Foreign Assistance Act of 1974 which would have prohibited the use of any funds to carry out an activity (other than to gather intelligence information) "within any foreign country which violates, or is intended to encourage the violation of, the laws of the United States or of such country." In introducing the amendment, Senator Abourezk explained that "this amendment will, if enacted, abolish all clandestine or covert operations by the Central Intelligence Agency."[86]

Senator Frank Church explained that he would vote for the amendment as a protest to recent CIA activity in Chile, because he was confident that the amendment would fail. He expressed the hope that a congressional oversight system would be created that would "solve this problem without having to outlaw covert activity outright."[87] He noted: "I can envision situations in which the national security of the United States . . . would have such overriding importance as to justify covert activity."[88]

Senator John Stennis, Chairman of the Armed Service Committee, noted that for many years he had played a role in overseeing CIA activities. He remarked:

> I have talked to many Senators about this. I have not found a single one, except the author of this amendment--and there are others, as I believe the Senator from Idaho [Sen. Church] did speak--who firmly believe that we ought to abolish covert actions and have no capacity in that field.[89]

As had been the case in the earlier House debate, there was no indication that a significant number of members thought that covert operations were, or should be, unlawful under U.S. law. When the debate had concluded the Abourezk amendment was soundly defeated by a four-to-one margin (17-68).[90]

Even if one concludes that the National Security Act of 1947 is insufficiently clear to authorize covert CIA activities, it is beyond reasonable doubt that the Congress has acquiesced in such activities for many years. That, by itself, is sufficient. As the Supreme Court noted in its 1981 decision

---

[86] 120 Cong. Rec. 33477.
[87] Ibid.
[88] Ibid.
[89] Ibid.
[90] Ibid. at 33482.

UNCLASSIFIED

FOR OFFICIAL USE ONLY

in Dames & Moore v. Regan:

> [The] failure of Congress specifically to delegate authority does not, "especially . . . in the area of foreign policy and national security," imply "congressional disapproval" of action taken by the Executive. Haig v. Agee, 453 U.S. 280 at 291. On the contrary, the enactment of legislation closely related to the question of the President's authority in a particular case which evinces legislative intent to accord the President broad discretion may be considered to "invite" "measures on independent presidential responsibility," Youngstown at 637 (Jackson, J., concurring). At least this is so where there is no contrary indication of legislative intent and when, as here, there is a history of congressional acquiescence in conduct of the sort engaged in by the President.[91]

Part II--ALLEGED VIOLATIONS OF INTERNATIONAL LAW

Under the Supremacy Clause of the U.S. Constitution, "all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land . . . ."[92] Further, the Supreme Court has declared that "International law is part of our law . . . ."[93] It seems therefore appropriate for the Board to take note when an agency within the Intelligence Community is accused of violating international law--particularly fundamental treaties to which the United States is a party.

During the House debate on the Harkin/Boland amendments on December 8, 1982, one of the most frequent arguments made in favor of restricting CIA activities in Central America was that they violate international law. Time and again Congressman Harkin alleged that the Agency was doing something that is "clearly illegal."[94] He was followed by Congressman Leach, of Iowa, who asserted:

> Interventionist activities are in direct contravention of international law and the legally binding treaty obligations of the United States under both the Charter of the United Nations as well as the Charter of the Organization of American States.

---

[91] 435 U.S.S 654, 678-79 (1981).

[92] U.S. Const., art. VI, cl. 2.

[93] The Paquete Habana, 175 U.S. 677, 700 (1900). See also, United States v. Arjona, 120 U.S. 412, 487 (1887); and Thirty Hogsheads of Sugar v. Boyle, 13 U.S. (9 Cranch.) 191 (1815) (Marshall, C.J.).

[94] 128 Cong. Rec. H 9148-49 (daily ed. Dec 8, 1982).

For example, Article 2 of the United Nations Charter states:

> All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice are not endangered. All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State * * *

Article 18 of the OAS Charter sets forth similiar obligations:

> No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic, and cultural elements.[95]

Other members made similar charges,[96] which have been echoed editorially by the Washington Post,[97] and by other influential commentators.[98]

The "Inherent Right of . . . Collective Self-Defense"

Unfortunately, few of the critics evince any understanding of the clear distinction made by modern international law between impermissible intervention and a State's right to defend itself--with the assistance of other States if available--against an armed attack. An excellent example of this confusion was provided in a recent New York Times column by Tom Wicker, who wrote:

> The parallel drawn in the U.N. debate and elsewhere between Nicaraguan intervention in El Salvador and that of the U.S. in Nicaragua is sleazy . . . . Aside from the disputed question how much the Salvadoran guerrillas are sponsored, armed and encouraged by the Sandinists, should the United States hold itself to no higher standards than those it rightly condemns in others?

---

[95] Ibid. at H9149.

[96] See, e.g., ibid., at H 9151 (statement of Rep. Mikulski); and ibid. at H9153 (statement of Rep. Studds).

[97] Washington Post, April 5, 1983.

[98] See, e.g., Washington Post, March 31, 1983 (Mary McGrory).

> Is the covert, armed destabilization of even an obstreperous nation permissible to a democratic, law-abiding power?
>
> We deny that right to the Soviet Union, Cuba, Nicaragua; what gives it to us? The plea that they do it, so we can too, reflects the puerile ethic of the schoolyard: "You did it first!"[99]

The issue is not the right of the United States to "destabilize" Nicaragua because communist countries try to subvert non-communist government--the issue is whether the United States is prohibited by international law from assisting El Salvador or Honduras to defend themselves against an armed attack from Nicaragua. As will be shown, this is not only clearly permissible--it is arguably a duty imposed by treaty commitments.

United Nations Charter

As the critics have observed, article 2(4) of the U.N. Charter provides that:

> All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.

However, this should be read in connection with article 51, which provides in part:

> Nothing in the present Charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures necessary to maintain international peace and security. . . .[100]

Thus, if it can be established that El Salvador or Honduras is the victim of an "armed attack" by Nicaragua--an issue which will be addressed infra--the United Nations Charter does not prohibit the United States from assisting either country as an exercise of "collective self-defense."

---

[99] New York Times, April 1, 1983.

[100] While the "inherent right of . . . collective self-defence" is not impaired by the Charter, in order to fully comply with the Charter's procedural requirements a State must report self-defense measures immediately to the U.N. Security Council.

Organization of American States Charter

Article 18 of the revised Charter of the Organization of American States is cited perhaps even more than the U.N. Charter by those who allege that the CIA is acting unlawfully. It provides:

> No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State. The foregoing principle prohibits not only armed force but also any other form of interference or attempted threat against the personality of the State or against its political, economic and cultural elements.

Not only do the critics generally neglect to apply this provision to Nicaragua--also a party to the treaty--but they also fail to recognize that article 18 does not prohibit collective security measures under article 51 of the U.N. Charter. They don't mention, for example, article 22 of the OAS Charter, which provides:

> Measures adopted for the maintenance of peace and security in accordance with existing treaties do not constitute a violation of the principles set forth in Articles 18 and 20.

Similarly, they ignore article 137:

> None of the provisions of this Charter shall be construed as impairing the rights and obligations of the Member States under the Charter of the United Nations.

Indeed, an argument can be made that the United States not only has the right to respond to a request for assistance from a victim of an armed attack within the treaty area--but that it has a duty to do so. Consider the provisions of article 27:

> Every act of aggression by a State against the territorial integrity or the inviolability of the territory or against the sovereignty or political independence of an American State shall be considered an act of aggression against the other American States.[101]

---

[101] A similar principle is recognized in article 3(f) of the OAS Charter, which provides: "An act of agression against one American State is an act of aggression against all the other American States."

UNCLASSIFIED

Therefore, if it can be established that El Salvador or Honduras is the victim of "aggression" or an "armed attack" as those terms are used in the charters, then the United States is not in violation of its international legal obligations in responding to a request for assistance by one of those States--even if that assistance involves the use of necessary and proportional force.

Rio Pact

Use of force situations in Central America are also covered by the 1947 Inter-American Treaty of Reciprocal Assistance (Rio Pact), which the United States ratified in 1948. Article 1 of the Pact provides:

> The High Contracting Parties formally condemn war and undertake in their international relations not to resort to the threat or the use of force in any manner inconsistent with the provisions of the Charter of the United Nations or of this Treaty. [Emphasis added.]

Like article 137 of the OAS Charter, article 10 of the Rio Pact states that none of its provisions "shall be construed as impairing the rights and obligations of . . . Parties under the Charter of the United Nations." The key language in the Pact, however--language which closely parallels article 27 of the OAS Charter--is found in article 3, which states in part:

> 1. The High Contracting Parties agree that an armed attack by any State against an American State shall be considered as an attack against all the American States and, consequently, each one of the said Contracting Parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the Charter of the United Nations.
>
> 2. On the request of the State or States directly attacked and until the decision of the Organ of Consultation of the Inter-American System, each one of the Contracting Parties may determine the immediate measures which it may individually take in fulfillment of the obligation contained in the preceding paragraph and in accordance with the principle of continental solidarity . . . .
>
> . . . .
>
> 4. Measures of self-defense provided for under this Article may be taken until the Security Council of

UNCLASSIFIED

the United Nations has taken the measures necessary to maintain international peace and security.

Thus, there is nothing in the Rio Pact, the OAS Charter, or the United Nations Charter which prohibits the United States from assisting other nations which have been the target of an armed attack or similar act of aggression.

Applying the Facts to the Law

The Board has not thus far engaged in serious independent fact-finding with respect to CIA activities in Central America. However, PIOB consultant John Norton Moore[102] and I have been briefed by the Defense Intelligence Agency on Nicaraguan intervention in El Salvador,

[CLASSIFIED MATERIAL DELETED]

On the basis of this briefing,[103] Professor Moore indicated that he had no hesitation in concluding that Nicaragua was guilty of an "armed attack" against El Salvador in violation of the U.N. Charter. I share that view. In addition, I have separately met with CIA specialists on this subject and on the question of Nicaraguan involvement in anti-government activities in Honduras. While I am still pursuing this question, on the basis of what I have been told I am persuaded that both El Salvador and Honduras are legally entitled under the U.N. Charter and other relevant treaties to request assistance from the United States in defending themselves, and that the United States is legally permitted to use necessary and proportional force against Nicaragua in response to such a request.[104]

---

[102] Professor Moore is Director of the Center for Law and National Security at the University of Virginia School of Law, Chairman of the American Bar Association Standing Committee on Law and National Security, and head of the Public International Law Division of the ABA's Section on International Law. He is a former Counsellor on International Law to the Department of State and is an internationally recognized expert on international law and the use of force. His many books include Law and Civil War in the Modern World (John Hopkins, 1974), and Law and the Indo-China War (Princeton, 1972).

[103] Captured Salvadoran guerrilla leaders have been quoted as acknowledging a major Nicaraguan role in directing and supporting their revolution (see, e.g., Washington Times, March 10, 1983), as reportedly has the official guerrilla radio station, Radio Venceremos, which is based in Nicaragua (ibid., March 16, 1983).

---

[104] This judgment should not be interpreted as a finding that United States activities in Central America constitute a use of force under international law. Whether that threshold has been breached is beyond the scope of this memorandum.

UNCLASSIFIED

Chapter 20 ¶ 15 & 16

26-16

81-5-21

N 16574

Finding Pursuant to Section 662 of the Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operations in foreign countries (including all support necessary to such operations) are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the concerned committees of the Congress pursuant to law, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Provide all forms of training, equipment and related assistance to cooperating governments throughout Central America in order to counter foreign-sponsored subversion and terrorism. [redacted] Encourage and influence foreign governments around the world to support all of the above objectives.

Partially Declassified/Released on 1/25/88 under provisions of E.O. 12356 by B. Reger, National Security Council

Ronald Reagan
The White House

4394

TS 0095/2-85

Date: March 9, 1981

UNCLASSIFIED

SECRET

UNCLASSIFIED

NSC/ICS 33340
Chapter 26 FN# 16
C 06930

~~N~~ 44659

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other Than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following operation in a foreign country (including all support necessary to such operation) is important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the intelligence committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Central America	Support and conduct [redacted] paramilitary operations against [redacted] Nicaragua [redacted]

Ronald Reagan

The White House
Washington, D. C.
December 1, 1981

Partially Declassified/Released on 1/25/88
under provisions of E.O. 12[illegible]
by B. [illegible], National Security Council

4395

UNCLASSIFIED

DERIVATIVE CL BY CIA
☐ DECL ☒ REVW ON 18 Nov 2001
EXT BYND 6 YEARS BY D9d.5
REASON

UNCLASSIFIED
SECRET

~~SECRET~~ Chapter 26 FN #16

N 32003
~~N~~ 67[illegible]

UNCLASSIFIED

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following activities are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
NICARAGUA	[redacted] provide su[redacted]t, equipment and training [redacted] assistance to Nicaraguan paramilitary resistance groups [redacted]

1167
1802
1166

[illegible] on 1/25/87
under pr[illegible] E.O. 1235[illegible]
by B. [illegible] National Security Cou[illegible]

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

ALL PORTIONS OF THIS DOCUMENT
ARE CLASSIFIED SECRET

UNCLASSIFIED

~~SECRET~~

1167

CL BY [redacted]
DECL [illegible]
DERIVED FROM [illegible]

~~SECRET~~

UNCLASSIFIED

N 6781

~~SECRET~~

UNCLASSIFIED

~~SECRET~~

UNCLASSIFIED

N 6782

The Director of Central Intelligence is directed to ensure that this program is continuously reviewed to assure that its objectives are being met and its restrictions adhered to.

The White House
Washington, D.C.

Ronald Reagan

Date: September 19, 1983

~~SECRET~~

UNCLASSIFIED

Chapter 26 #16

UNCLASSIFIED

N 17031

Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961 As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following activities are important to the national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to the Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
Nicaragua	In order to induce the Sandinistas to halt their transformation of Nicaragua into a Marxist/Leninist state; to bring the Sandinistas into a meaningful dialogue with the Nicaraguan democratic opposition to achieve reconciliation of the Nicaraguan people leading to the establishment of a democracy based upon the implementation of the June 1979 Declaration of the Organization of American States and the 21 point Contadora Statement of Objectives; to induce the Sandinistas to cease exporting armed revolution and weapons in the region, the CIA is directed to:

Partially Declassified/Released on 4/15/88 under provisions of E.O. 12356 by B. [illegible], National Security Council

[redacted]

ALL PORTIONS OF THIS DOCUMENT ARE CLASSIFIED TOP SECRET [redacted]

DECL OADR DRV HUM 4-82 [redacted]

TS #858401
Copy 1 of 15

UNCLASSIFIED
TOP SECRET [redacted]

4396

UNCLASSIFIED

[redacted]

-- Provide assistance and non-lethal material support to the armed Resistance forces of the Nicaraguan democratic opposition,

[redacted]

Ronald Reagan

The White House
Washington, D.C.

Date: Janaury 9, 1986

Chapter 26 FN#16 - N9246 and N9247

UNCLASSIFIED

DENIED IN
TOTAL

UNCLASSIFIED

4397

ch. 6 #6 ; 26-30 30

BARRY GOLDWATER, ARIZ., CHAIRMAN
DANIEL PATRICK MOYNIHAN, N.Y., VICE CHAIRMAN

JAKE GARN, UTAH
JOHN H. CHAFEE, R.I.
RICHARD G. LUGAR, IND.
MALCOLM WALLOP, WYO.
DAVID DURENBERGER, MINN.
WILLIAM V. ROTH, JR., DEL.
WILLIAM S. COHEN, MAINE

WALTER D. HUDDLESTON, KY.
JOSEPH R. BIDEN, JR., DEL.
DANIEL K. INOUYE, HAWAII
PATRICK J. LEAHY, VT.
LLOYD BENTSEN, TEX.
SAM NUNN, GA.

HOWARD H. BAKER, JR., TENN., EX OFFICIO
ROBERT C. BYRD, W. VA., EX OFFICIO

ROBERT R. SIMMONS, STAFF DIRECTOR
GARY J. SCHMITT, MINORITY STAFF DIRECTOR

United States Senate
SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, D.C. 20510

April 9, 1984 UNCLASSIFIED #84-1274

The Honorable William J. Casey
Director of Central Intelligence
Central Intelligence Agency
Washington, D.C. 20505

[redacted] Declassified/[redacted] on 3 Feb 88
under provisions of E.O. 12356
by National Security Council

Dear Bill:

All this past weekend, I've been trying to figure out how I can most easily tell you my feelings about the discovery of the President having approved mining some of the harbors of Central America.

It gets down to one, little, simple phrase: I am pissed off!

I understand you had briefed the House on this matter. I've heard that. Now, during the important debate we had all last week and the week before, on whether we would increase funds for the Nicaragua program, we were doing all right, until a Member of the Committee charged that the President had approved the mining. I strongly denied that because I had never heard of it. I found out the next day that the CIA had, with the written approval of the President, engaged in such mining, and the approval came in February!

Bill, this is no way to run a railroad and I find myself in a hell of a quandary. I am forced to apologize to the Members of the Intelligence Committee because I did not know the facts on this. At the same time, my counterpart in the House did know.

The President has asked us to back his foreign policy. Bill, how can we back his foreign policy when we don't know what the hell he is doing? Lebanon, yes, we all knew that he sent troops over there. But mine the harbors in Nicaragua? This is an act violating international law. It is an act of war. For the life of me, I don't see how we are going to explain it.

My simple guess is that the House is going to defeat this supplemental and we will not be in any position to put up much of an argument after we were not given the information we were entitled to receive; particularly, if my memory serves me correctly, when you briefed us on Central America just a couple of weeks ago. And the order was signed before that.

UNCLASSIFIED

4959

UNCLASSIFIED

The Honorable William J. Casey
Page Two
April 9, 1984

I don't like this. I don't like it one bit from the President or from you. I don't think we need a lot of lengthy explanations. The deed has been done and, in the future, if anything like this happens, I'm going to raise one hell of a lot of fuss about it in public.

Sincerely,

Barry

Barry Goldwater
Chairman

UNCLASSIFIED

Chapter 26 FN - 90
85-1CC[illegible]

Washington, D.C. 20505

26-90

18 March 1985

5071

The Honorable Dave Durenberger, Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

This is in response to questions raised by the Committee regarding the Agency's plans to provide certain defensive intelligence to opposition groups in Nicaragua in light of the statutory restrictions contained in Section 8066 of the FY85 DoD Appropriation Act (incorporated in the FY85 Continuing Resolution).

We do not intend to provide intelligence to Nicaraguan opposition groups on any systematic or continuing basis. Our goal is humanitarian in nature and any intelligence we would pass would be strictly limited, on a case-by-case basis, to information which in general affects the lives of U.S. persons or third-country noncombatants or which suggests that a holocaust-type situation involving substantial loss of life may occur.

The enclosed guidelines have been developed by the Agency's General Counsel for assessing the provision of defensive intelligence to resistance forces in Nicaragua. The guidelines require that, where time permits, the General Counsel's concurrence be obtained. It is our view that these guidelines will assure careful scrutiny by Agency officials at appropriate levels for this necessary but limited activity.

ALL PORTIONS OF THIS DOCUMENT
ARE CLASSIFIED ~~SECRET~~

CL BY [redacted]
DECL [illegible]
DERIVED FROM [illegible]

4/22/[illegible] UNCLASSIFIED

4398

Partia[illegible] [illegible]
[illegible]
by P[illegible]

UNCLASSIFIED

The Agency will obviously inform the Committee when defensive intelligence is provided to such groups. This letter is also being provided to Chairman Hamilton of the House Permanent Select Committee on Intelligence.

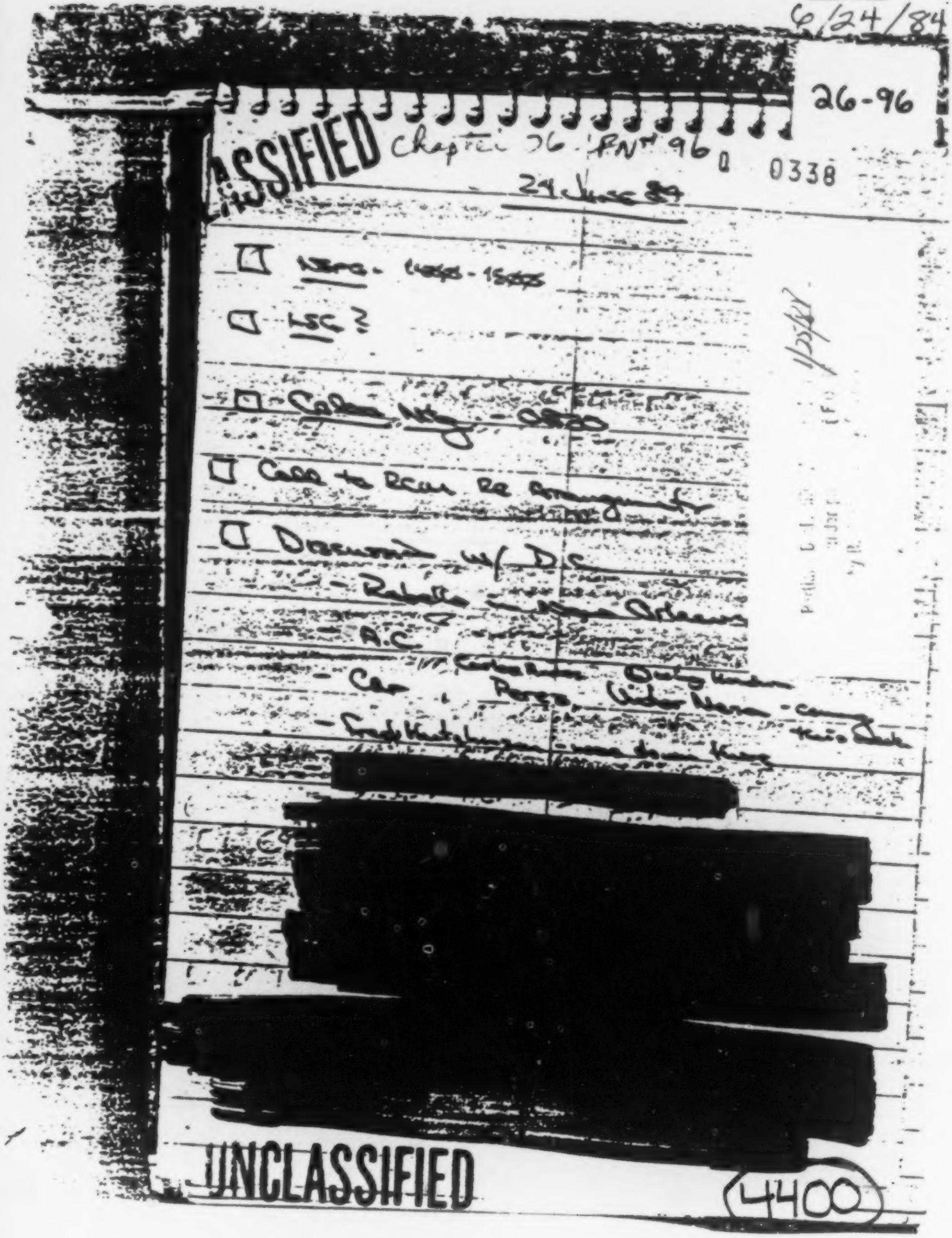
Sincerely,

William J. Casey / 5072

William J. Casey
Director of Central Intelligence

Enclosure

UNCLASSIFIED



6/24/84

26-96

ASSIFIED Chapter 26 . FN# 96 0 0338

24 June 84

☐ NSPG - 1400-1500

☐ LSC ?

☐ Cabinet Mtg - 0930

☐ Call to RCM re arrangements

☐ Discussion w/ D.C.

- Roberto — [illegible]
- A.C
- CAP , VP Carlos Andres Perez — Only leader — Vice Pres — country [illegible]
- Fred [illegible] — [illegible] King

[redacted]

UNCLASSIFIED

4400

1/25/87

[illegible]

UNCLASSIFIED

— C 0415

OGC-84-51747
23 August 1984

26-99

MEMORANDUM FOR: General Counsel

FROM: [redacted]
Office of General Counsel

SUBJECT: H.R. 5399 -- Section 107, Prohibition on Covert Assistance for Military Operations in Nicaragua

1. The Director has asked for a legal interpretation of the restriction contained in Section 107 of H.R. 5399, which was recently passed by the House of Representatives. More specifically, OGC has been asked to analyze the effect of this provision on expenditures for staff salaries[redacted] In my view, while we plainly can pay all of these fixed costs on the basis of other appropriations, we just as clearly cannot utilize these resources in any activities which would have the effect of supporting paramilitary operations in Nicaragua by anyone.

2. In addition, we have been asked to comment upon the use of third countries to continue the Nicaragua project. I believe the Agency can request third countries to carry on the program at their own expense so long as it is made clear that no U.S. funds would be used either now or in the future to repay such a commitment. The extent to which Agency personnel can be involved in soliciting third country support would have to be determined on a case-by-case basis.

3. Although the language of Section 107 differs only slightly from that of Section 108 of the Intelligence Authorization Act for FY 84 (hereinafter Section 108), the legal effect of those differences is substantial. Section 107 reads as follows:

> PROHIBITION ON COVERT ASSISTANCE FOR MILITARY OPERATIONS IN NICARAGUA
>
> Sec. 107. During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or

EXHIBIT

ALL PORTIONS ~~SECRET~~

UNCLASSIFIED

CL BY [illegible]
DECL OADR
DERIVED FROM FOR 5, 6, 7, 8 & 9-2

3780

C110/652

Partially Declassified/Released on 8-21-87
under provisions of E.O. 12356
by B. Reger, National Security Council

Executive Registry 5986

UNCLASSIFIED

L 0416

> which would have the effect of supporting directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.1/

On its face and by its very title, the House version operates as a total prohibition on the use of any funds by U.S. intelligence elements during FY 85 for direct or indirect support of military or paramilitary operations in Nicaragua by anyone. This language effectively blocks all direct U.S. activities in Nicaragua and precludes U.S. financial support for the Contras during FY 85 by any means. In dissecting Section 107, we are faced with the following restrictions:

A) RESTRICTION ON TIME -- This prohibition would operate throughout FY85 and any subsequent supplemental appropriations would likewise be subject to its restrictions. Should this language become the final version of next year's Intelligence Authorization Act, as of 30 September 1984, an amendment of the Section would be required in order to legalize spending for the Nicaragua program.

B) RESTRICTION ON FUNDS -- The wording contained in Section 107 that "no funds available" may be obligated or expended for the restricted purpose translates into a total prohibition on all activities supporting paramilitary operations in Nicaragua that require funding by the U.S. The funds available are not limited by year of appropriation. Thus, reprogramming of prior year funds and releases from the Reserve for Contingencies would be prohibited. Moreover, the prohibition is not limited by its language to appropriated funds. The broadness of the wording of this section appears to prohibit the use of funds

---

1/ By comparison, Section 108 of the Intelligence Authorization Act for FY 1984 reads as follows:

LIMITATION ON COVERT ASSISTANCE FOR MILITARY OPERATIONS IN NICARAGUA

> Sec. 108. During fiscal year 1984, not more than $24,000,000 of the funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

2

UNCLASSIFIED

Executive Registry 5987

C11R/657

UNCLASSIFIED

C 0417

made "available" to the Agency by other nations, groups or individuals. Therefore, the Agency could not conduct [redacted] action while another nation, group or [redacted] individual foots the bill.

c) RESTRICTIONS ON OBLIGATIONS OR EXPENDITURES -- This restriction on both obligations and expenditures of funds available in FY85 not only precludes Agency spending now for the restricted purpose, but forbids the making of commitments to spend available funds at some future time. This same language is contained in FY84's spending cap and the question was raised in that situation whether funds obligated in FY83, but expended in FY84, would be subject to the $24 million limitation. It is my understanding that the question was informally resolved because the Committees reportedly did not intend the limitation to effect funds already obligated. In any event, funds that have been obligated arguably are not "available" to the Agency in a technical sense. To avoid future uestions by the Committees, however, it might be appropriate to urge Congress to modify any final restrictive language in a manner that clarifies this point. Perhaps adding to the phrase "no funds available" the words "for obligation" would narrow the restriction.2/

2/ There has been at least one instance where the language of a proposed amendment required the deobligation of funds and their return to the Treasury. Senator Proxmire offered the following amendment to the Department of State Authorization Act for FY84-85, S. 1342:

PROHIBITION ON CERTAIN ASSISTANCE TO THE KHMER ROUGE IN KAMPUCHEA

> Sec. 701. (a) Notwithstanding any other provision of law, none of the funds authorized to be appropriated by this Act or any other Act may be obligated or expended for the purpose, or with the effect, of promoting, sustaining or augmenting, directly or indirectly, the capacity of the Khmer Rouge or any of its members to conduct military or paramilitary operations in Kampuchea or elsewhere in Indochina.
>
> (b)(1) All funds appropriated before the date of enactment of this section which were obligated but not expended for activities having the purpose or effect described in subsection (a) shall be deobligated.
>
> (2) All funds deobligated pursuant to paragraph (1) shall be deposited in the Treasury of the United States as miscellaneous receipts.

Executive Registry 5988

UNCLASSIFIED

CMW/657

UNCLASSIFIED

C 0418

D) RESTRICTION ON WHO MAY SPEND -- The provision expressly [illegible] the CIA, DoD and "any other agency or [illegible] the U.S. involved in intelligence activities [illegible] funds are subject to the restricti[illegible] this language appears to prohibit use of funds made available to the Department of State, to the extent that expenditure of those funds would have the effect of supporting paramilitary operations. Section 107 does not, however, prohibit the Department from obligating or expending funds for diplomatic or other purposes in Nicaragua. Although the restriction does not apply to entities not involved in intelligence, such as the Department of Agriculture, for example, any appropriated funds available to those agencies could not legally be expended for unauthorized purposes under traditional appropriations law. Obviously such other agencies are not authorized by law to conduct paramilitary operations.

E) RESTRICTION ON PURPOSE OR EFFECT -- The language of Section 107 requires the Agency not only to refrain from committing or spending funds for the express purpose of supporting paramilitary activities in Nicaragua, but also demands that the CIA anticipate the "effect" of its expenditures. Thus, funds given to the Contras that were being expended, for example, to provide humanitarian support, interdict the flow of arms in the region or assist with public relations efforts, would be prohibited only if such assistance were determined to have the "effect" of supporting paramilitary activities in Nicaragua. While the language of Section 107 itself can be construed to permit humanitarian aid by U.S. intelligence elements, the legislative history indicates that the bill's proponents would oppose any assistance to the Contras.

F) RESTRICTION ON DIRECT OR INDIRECT SUPPORT FOR MILITARY OR PARAMILITARY OPERATIONS -- The restriction on direct or indirect support for military/paramilitary operations prohibits the funding of any Agency activities which have a reasonable nexus with the Nicaraguan covert action program. While the interpretation of "direct" support may cause us few problems, how to define what will have the effect of indirectly supporting such activities in Nicaragua cannot be determined with certainty. Rather than drawing a thin line, this language paints a gray zone subject to interpretation. The provision of medical supplies to the Contras, for example, arguably has the "effect" of "indirectly" supporting their paramilitary activities.

UNCLASSIFIED

Executive Registry 5989

C110/257

UNCLASSIFIED

C 0419

This point takes on particular significance when we compare this year's $24 million cap with the "no funding prohibition of Section 107. As we were approaching the cap, CIA informed the Committees that the Agency had not exceeded the statutory $24 million limitation. We responded to congressional inquiries regarding certain expenditures by treating the matter as an accounting issue and distinguishing direct or indirect support from direct and indirect costs. We noted that the legislative history gave no indication that all "indirect costs" conceivably related to the program must be charged against the cap and that we had charged costs in accordance with long-standing Agency accounting procedures. The SSCI found no problems with this explanation, but the majority members of HPSCI stated their belief that all direct and indirect costs of the program should have been charged against the cap.[3]

The essential difference between the cap and the prohibition is that, in the former, the Agency had authorization for an ongoing program and could expend funds and account for them in some way until $24 million was reached; in Section 107 no expenditures can be charged against the Nicaraguan covert action program.

The only useful discussion of the meaning of the terminology "directly or indirectly" is found in the House Report on H.R. 2760, which attempted to impose an absolute ban on support for military/paramilitary operations in Nicaragua. The language of that bill is

---

[3] Only one reference was made during the floor debate to the accounting practices utilized by the intelligence community in accounting for FY84 funds. Congressman Miller remarked:

> I would also suggest that the funding is illegal, because never have I seen such magnificant bookkeeping that can allow this $21 million to go the number of months that it has. They are always going to run out just before we take up the bill, but when the bill does not come out the way the intelligence community likes, then they are able to fund it for several months because somehow the economies are worked out. This is the most efficiently run war in history if they can make $21 million go this far. But we know that is not what is going on. There is diversion of other military sources and there is the raising of money in the private sector to support these mercenaries.

UNCLASSIFIED

Executive Registry 5990

C11R/657

UNCLASSIFIED

C 0420

similar [redacted] wording of Section 107 and may be helpful i g what the House had in mind.4/ The sect analysis of the relevant provisi s of "indirect support" in the context of su of entities outside Nicaragua which operate w Nicaragua. The specific example given to show the type of indirect support that would be prohibited was training conducted exclusively outside Nicaragua if given in preparation for military or paramilitary activity inside Nicaragua.

The report expressly noted that the section would not prohibit the collection, production or analysis of intelligence. Nor would it prohibit the provision of that intelligence to foreign governments, as long as the provision of such intelligence did not support military/paramilitary operations in Nicaragua by foreign nations or other entities.

G) RESTRICTION ON PLACE -- Section 107 prohibits the financial support of military or paramilitary activities in Nicaragua. Funding for any activity which would take place outside Nicaragua but would have the effect of supporting paramilitary operations inside Nicaragua would thus be forbidden.

H) RESTRICTION ON WHO DOES THE OPERATIONS -- The restriction against funding applies to paramilitary operations "by any nation, group, organization, movement, or individual." This wording effectively prohibits the Agency's funding of such activities via intermediaries.

Legislative History

4. The legislative history is helpful only for discerning the spirit behind Section 107. There is no analysis of the wording in 20 pages of floor debate. 130 CONG. REC. H8264-84

4/ OPERATIONS IN NICARAGUA

SEC. 801. (a) None of the funds appropriated for fiscal year 1983 or 1984 for the Central Intelligence Agency or any other department, agency, or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual. H.R. 2760, 98th Cong., 1st Sess. (1983).

Executive Registry 5991

UNCLASSIFIED

ciw/657

UNCLASSIFIED

C 0421

(daily ed. Aug. 2, 1984). Both those in favor of and those
against any restriction agreed, however, that Section 107 bans the
providing of any funds for military or paramilitary activities in
Nicaragua and that the intent is to terminate U.S. assistance to
the Contras.

5. Congressman Boland stated in his opening remarks that the
single issue is "disagreement on the effectiveness and appropri-
ateness of a particular covert action to overthrow the government
of another nation." Id. at 8266. He later added that "our policy
does not strengthen democracy in Nicaragua" and that "(t)his
secret war should end -- today." Id. at 8276. Congressman Hyde
noted that Section 107 "forbids any assistance to the freedom
fighters in Nicaragua ..... No food, no medicine, no ammunition,
not even moral support." Id. at 8269. The spirit of Section 107
is abundantly clear -- the House expects Section 107 to end U.S.
assistance to the Contras.

6. While the drafters more than likely attempted to imitate the Clark Amendment's prohibition on assistance of any kind for paramilitary operations in Angola,5/ it can be argued that the Section 107 restriction is somewhat different. Unlike the Clark Amendment, this section limits all funds rather than all assistance and it could be thought, therefore, to permit certain activities precluded under the Clark Amendment. Section 107 can be read to allow assistance that either does not require funding by intelligence elements or that does not directly or indirectly support paramilitary operations.

Staff Salaries, [redacted]

7. With regard to the staff salaries [redacted] Section 107 would prohibit the obligation or expenditure of funds available to the

---

5/ The Clark Amendment reads, in pertinent part:

Limitation on certain assistance to and activities in Angola

> Sec. 401(a) Notwithstanding any other provision of law, no assistance of any kind may be provided for the purpose, or which would have the effect, of promoting or augmenting, directly or indirectly, the capacity of any nation, group, organization, movement, or individual to conduct military or paramilitary operations in Angola unless and until the Congress expressly authorizes such assistance by law enacted after the date of enactment of this section.

UNCLASSIFIED

Executive Registry 5992

C1101/657

UNCLASSIFIED

Agency [redacted] salaries [redacted] extent that those expenditures would have the effect of supporting paramilitary operations in Nicaragua. The question of allocation of these costs, which was an important point under the spending cap, is not an issue under the wording of Section 107. Since no funds can be obligated or expended in FY85, no covert action program by the U.S. which supports paramilitary operations in Nicaragua is possible.

C 0422

Provision of Aid by Third Countries

8. With regard to the provision of aid by third countries, Section 107 prohibits funding, not discussion. This issue also presents a gray zone subject to interpretation. Certainly asking other countries to provide aid on their own is not prohibited so long as there is no quid pro quo. If, however, the third country expected repayment from the U.S., such assistance would be forbidden. If such a country provided aid with the understanding that the U.S. would provide an equal amount for one of their programs, the Agency would be in violation of both the letter and the spirit of Section 107 and would be open to charges of deliberate circumvention of the law.

9. The more difficult question is the extent to which Agency personnel can be used to solicit third country assistance. In my view, when FY85 begins, Section 107 prohibits the payment of the salaries and expenses of personnel for solicitation of third country assistance because such efforts would have the effect of indirectly supporting paramilitary operations in Nicaragua. Once again, on the spectrum of possible Agency activities to solicit third country assistance, some efforts would clearly be prohibited and others are arguably authorized. Payment of the salary and expenses of an employee whose full-time was dedicated to soliciting such assistance would contravene the restriction. On the other hand, requests for assistance by [redacted] in the course of his normal duties presents a closer case.6/

10. Another hypothetical situation poses troubling legal questions: the use of Agency personnel as couriers for funds provided by third countries to the Contras. While I believe such activity would be prohibited by Section 107 if the courier's sole function was to pass those funds, if that item was a de minimis part of the courier's functions, it could be argued that no funds were expended for the restricted purpose.

6/ If the President tasks the representative of a nonintelligence agency to solicit such assistance in diplomatic or other channels, the letter of Section 107 would not appear to be violated, but such action might be viewed by supporters of the restriction as a violation of the spirit of that prohibition.

Executive Registry 5973

C112/657

UNCLASSIFIED

11. In any event, under the requirement to keep Congress fully and currently informed concerning intelligence activities, the Agenc [redacted] required to advise the Committees of any plans to sol [redacted] ntry assistance for the Contras.

C 0423

Conclusion

12. The congressional intent behind Section 107 is to stop covert U.S. assistance to the Contras. The House crafted the language of that section tightly in order to restrict in every way possible any obligations or expenditures by U.S. intelligence elements [illegible] would result in continued assistance to military or paramilitary activities in Nicaragua. Should that language remain in the final authorization act, in my view, any close cases would be viewed by the proponents of Section 107 as efforts to circumvent the statutory prohibition.

[redacted]

UNCLASSIFIED

Executive Registry 5994

CHRON 1657

UNCLASSIFIED

[redacted]

E 0424

UNCLASSIFIED

Executive Registry 5995

C11101657

Chapter - 26 FN# 103

~~TOP SECRET~~
N 45024

UNCLASSIFIED

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

☐	ACTION	☐	FILE
☐	APPROVAL	☒	INFORMATION
☐	COMMENT	☐	PREPARE REPLY
☐	CONCURRENCE	☐	RECOMMENDATION
☐	DIRECT REPLY	☐	RETURN
☐	DISPATCH	☐	SIGNATURE

REMARKS: John Poindexter

cc: Oliver North
Don Fortier
Jim Radzimski

NSC/ICS CONTROL NO. 400053

COPY NO. 2 OF 5

26-103

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

UNCLASSIFIED

Warning Notice
Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

4401

UNCLASSIFIED

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400053

N 45025

TOP ~~SECRET~~

January 15, 1985

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaragua Options

Attached at Tab I is a paper which proffers policy options for Nicaragua. The basic paper and its attachments (Tabs A thru H) provide a detailed assessment of the current situation and various alternatives which we can pursue during the second Administration. In short, the paper concludes that the most prudent course of action, given the threat we face from the Soviets and their surrogates in Central America, is to seek Congressional approval for resuming our support to the Nicaraguan resistance.

Tabs A thru D describe the growing Soviet/bloc relationship with the FSLN and its increasing status as a Marxist-Leninist client state. Tabs E and F provide a detailed analysis of the resistance movement and options for restoring U.S. assistance. Tabs G and H outline additional activities (economic sanctions and political action) which could supplement a revitalized resistance program.

One of the most important issues on this trip is to determine what type of support to the resistance is most palatable to our friends in the region. Don Fortier is pursuing the same strategy with the leadership in Congress. Thus, Tab F (Options and Legislative Strategy) is particularly important as background for your meetings with Heads of State in the region. You should be aware that there is growing sentiment in the Congress for some type of "overt" support to the resistance--an alternative that is undoubtedly most unpalatable [redacted]

RECOMMENDATION

That you skim the attached notebook and review in detail Tab F, using the options provided in your discussions with Heads of State.

Approve ______ Disapprove ______

4401

Attachment
Tab I - Nicaragua Options Notebook
Tabs A thru H

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by B. Reger, National Security Council

attachment not included

TOP ~~SECRET~~
Declassify: OADR

UNCLASSIFIED

Chapter 26 FN# 106
I - TS/87-153 c
31161
2002

UNCLASSIFIED

CONFIDENTIAL

I/R-85/C-93

Central Intelligence Agency

Washington D.C. 20505

26-106

12 FEB 1985

Mr. Russell B. Neely
Office of Management and Budget
Washington, D.C. 20503

Russ,

Attached is a copy of the letter you requested.

[redacted]

[illegible] E.O. 12[illegible] 4/25/88

CL B [redacted]
DECL OADR
DRV FROM COV 1-82

4402

UNCLASSIFIED

6th Dist., New York

Reply to:
2365 Rayburn House Office Building
Washington, D.C. 20515
(202) 225-3461

District Office:
96-11 101st Avenue
Ozone Park, New York 11416

Congress of the United States
House of Representatives
Washington, D.C. 20515

Administrative Ass
Dick Bell

Committee on
Appropriations

Subcommittees
Chairman: Defens
Treasury-Post Offi
Military Construct

Committee on
Small Business

Executive Registry
84- 10306

21162

December 11, 1984

Honorable George P. Shultz
Secretary of State
Washington, D. C. 20520

Dear Mr. Secretary:

As you are aware, the recently enacted H.J. Res. 648, making continuing appropriations for fiscal year 1985, contains a prohibition regarding assistance to the "contras" fighting in Nicaragua. Recent reports have indicated that other countries are furnishing aid to the "contra" forces in order to keep them a viable military force exerting pressure on the Sandinistas. Of the countries identified in these reports as furnishing such aid, several are Central American neighbors of Nicaragua and are themselves recipients of U.S. foreign assistance funding. For example, El Salvador has been the recipient of increased U.S. aid since the election of President Duarte, and is identified in the reports as being one of the countries aiding the "contras". If these reports are accurate, I am concerned that countries receiving U.S. foreign assistance aid may be utilizing a portion of such aid to assist the "contras" and, in so doing, effect a rather devious contravention of the law prohibiting such aid.

I would apreciate receiving your thoughts on this issue as well as your assurance that no U.S. foreign assistance funding is being utilized to effect what amounts to "revolving door" aid to the "contras".

With best wishes,

Sincerely,

3062

Joseph P. Addabbo
Member of Congress

cc: Honorable Caspar W. Weinberger
Secretary of Defense

Honorable William J.Casey
Director of Central Intelligence

~~Declassified~~/Released on 30 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

Chapter 26 FN# 107

UNCLASSIFIED

C 5284

26-107

SUBJECT: [illegible] tions: [illegible] he Record re 28 January 1986 Covert [illegible] ction Update Briefing

QUESTIO [illegible] The Joint Explanatory Statement that accompanied the Con [illegible] e Repo [illegible] H.R. 2419 specifically prohibited intellig [illegible] encie [illegible] rom engaging in activities which would amount to [illegible] in logistics activities integral to military or [illegible] ary operations in Nicaragua. The Advisory language accompanying the Presidential Finding for Nicaragua of January 9, 1986, states:

> "The CIA is authorized, to the extent not prohibited by law, to provide the armed resistance forces of the democratic opposition with assistance and non-lethal materiel support. Further, the CIA is authorized to share information with an [illegible] we advice to the resistance, including bu [illegible] limited to, intelligence and counterintelligence [illegible] and advice on the effective delivery and di [illegible] ution of materiel to the resistance."

-- How do you interpret "effec [illegible] delivery and distribution of materiel to the resistance"? [illegible] ill you ensure that advice you may give does not rise to tra [illegible] resistance forces in logistics activities?

ANSWER: Our interpretation of "effective delivery and distribution of materiel to the resistance" that is authorized by the 9 January 1986 Nicaragua Finding has been very conservative. Further, we recognize that Congress' intent is not crystal clear in this area as is evidenced by the exchange of letters between the Committee chairmen in early December 1985. Accordingly, we have been extremely judicious in providing advice and counsel to the armed forces of the Nicaraguan resistance. Mor [illegible] in providing advice, we are mindful of the joint explana [illegible] statement on Section 105 that accompanied the Intelli [illegible] Authorization Act, which directs that the intelligenc [illegible] es shall not engage in training or participate in logi [illegible] activities that are integral to the execution of mi [illegible] paramilitary activities. To date, our assistance h [illegible] ons [illegible] ed of [redacted] authorized by the Intelligence Authorization Act [illegible] general advice that is not specific or essential [illegible] lanning or executing military or paramilitary operations in [illegible] ragua. [illegible] xamples of the advice we have provided are: [redacted]

15 APR 82

UNCLASSIFIED

4403

#2397

UNCLASS[redacted]

C 5285

[redacted]
not inv[redacted] in training the FDN or assisting them in we
olving t[redacted] current logistics problems. As we have briefed
Committ[redacted] repeated[redacted] the past, the FDN requires
ialized l[redacted]ics t[redacted]ng. Without this training, which we
not curren[redacted] to give, the resistance will be
ed to[redacted] rather
resupplying them in the field.

[redacted]

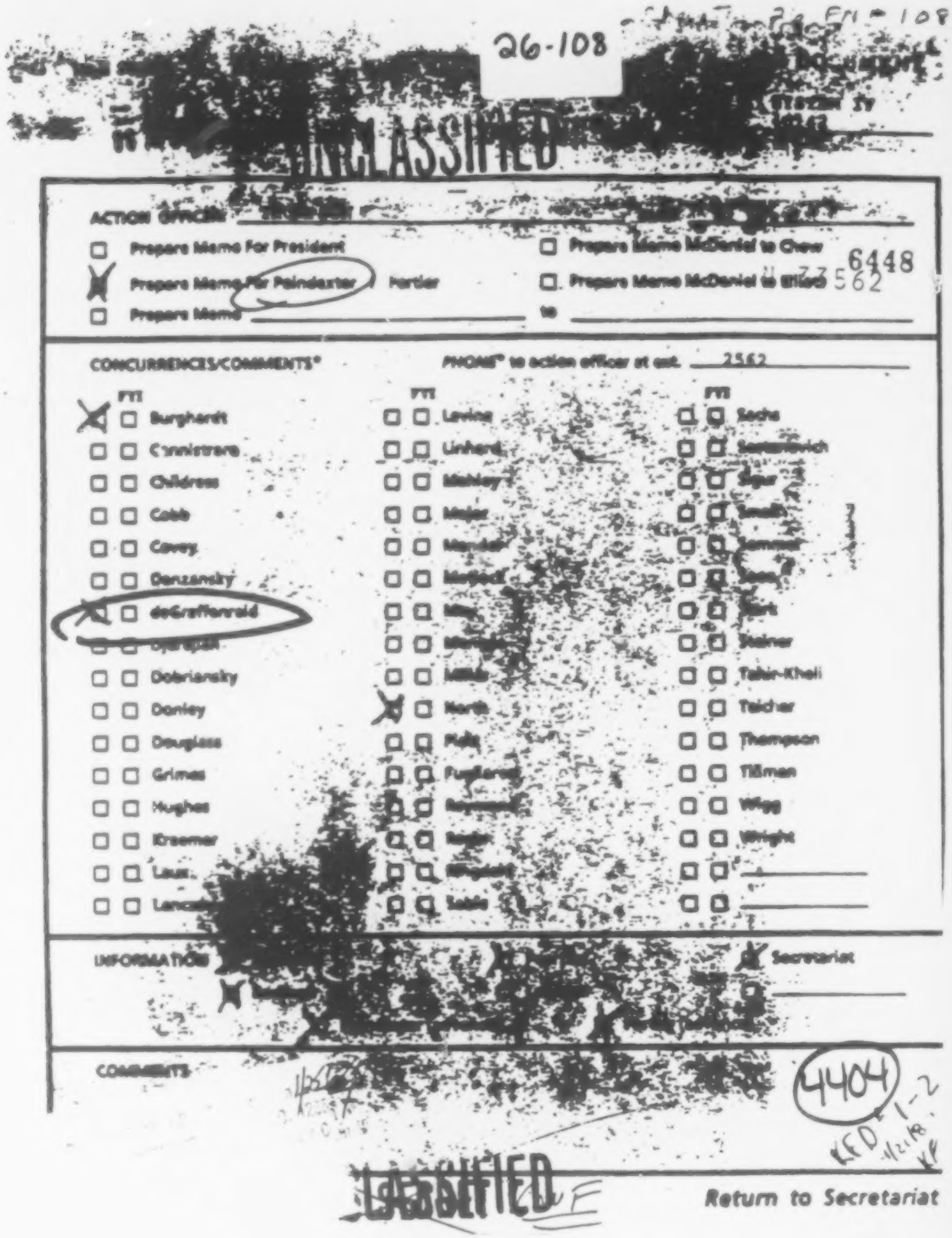
[redacted]

3 7

UNCLASSIFIED

DO 4430

REVIEWED FOR RELEASE
Date 15 APR 87



26-108

[illegible] 26 [illegible] 108

UNCLASSIFIED

ACTION OFFICER: [illegible]

☐ Prepare Memo For President

☒ Prepare Memo For Poindexter / Fortier

☐ Prepare Memo ______ to ______

☐ Prepare Memo McDaniel to Chew

☐ Prepare Memo McDaniel to Elliott

6448

562

CONCURRENCES/COMMENTS*

PHONE* to action officer at ext. 2562

FYI

☒ ☐ Burghardt
☐ ☐ Cannistraro
☐ ☐ Childress
☐ ☐ Cobb
☐ ☐ Covey
☐ ☐ Danzansky
☒ ☐ deGraffenreid
☐ ☐ Djerejian
☐ ☐ Dobriansky
☐ ☐ Donley
☐ ☐ Douglass
☐ ☐ Grimes
☐ ☐ Hughes
☐ ☐ Kraemer
☐ ☐ Laux
☐ ☐ Lenc[illegible]

FYI

☐ ☐ Levine
☐ ☐ Linhard
☐ ☐ Mahley
☐ ☐ Major
☐ ☐ Mandel
☐ ☐ Matlock
☐ ☐ May
☐ ☐ Menges
☐ ☐ Miller
☒ ☐ North
☐ ☐ Platt
☐ ☐ Pugliaresi
☐ ☐ Raymond
☐ ☐ Reger
☐ ☐ Ringdahl
☐ ☐ Sable

FYI

☐ ☐ Sachs
☐ ☐ Sestanovich
☐ ☐ Sigur
☐ ☐ Small
☐ ☐ Sommer
☐ ☐ Sorzano
☐ ☐ Stark
☐ ☐ Steiner
☐ ☐ Tahir-Kheli
☐ ☐ Teicher
☐ ☐ Thompson
☐ ☐ Tillman
☐ ☐ Wigg
☐ ☐ Wright
☐ ☐ ______
☐ ☐ ______

INFORMATION [illegible] ☒ Secretariat

☐ ______

COMMENTS [illegible]

4404

1-2

KED 1/21/8[illegible]

LASSIFIED

Return to Secretariat

UNCLASSIFIED

ICE-40.42

THE WHITE HOUSE

WASHINGTON

PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

April 8, 1986

N 33563

MEMORANDUM

FOR: JOHN M. POINDEXTER, VICE ADMIRAL, U. S. NAVY
ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS

FROM: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

SUBJECT: The Legality of Providing Basic Military Training for the Nicaraguan Democratic Resistance

ISSUE: Can the Central Intelligence Agency or any other agency of the U.S. Government legally provide generic military training to the Nicaraguan democratic resistance?

SUMMARY: Yes, the Intelligence Authorization Act for FY 1986 does authorize the obligation or expenditure of funds by the Central Intelligence Agency, the Department of Defense, or other intelligence-related agencies of the U.S. Government to provide basic military training for the Nicaraguan democratic resistance so long as such training does not amount to the participation in the planning or execution of military or paramilitary operations in Nicaragua. Although the statutory language does not explicitly allow such training, the language of the Joint Explanatory Statement of the Conference Report, which can be used in interpreting the Act, prohibits only operational training, not generic military training. In addition, neither the passage of the legislation providing humanitarian aid, which specifically prohibits the use of these funds for military training, nor the recent defeat of proposed military aid to the Nicaraguan democratic resistance by the House of Representatives, alters the conclusion that the provision of basic military training is permissible under current law.

BACKGROUND: In October 1984 Congress terminated funding for military assistance to the Nicaraguan democratic resistance.[1] In April 1985 Congress voted to continue a strict prohibition on any assistance whatsoever for the Nicaraguan democratic resistance.[2] However, shortly thereafter, the President of Nicaragua, Daniel Ortega Saavedra, paid an official visit to Moscow, where on April 28, 1985 he signed the Soviet-Nicaraguan Cooperation Pact. Congress

---

[1] Intelligence Authorization Act for Fiscal Year 1984, Pub. L. No. 98-618, § 801, 98 Stat. 3304 (1984)

[2] 131 CONG. REC. H2391 (daily ed. April 24, 1985).

4404

CONFIDENTIAL

~~TOP SECRET~~

CLASSIFIED BY: MULTI SOURCES
DECLASSIFY ON: OADR

UNCLASSIFIED

REGRADED CONFIDENTIAL
WHEN SEPARATED FROM
SECRET ANNEX

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by R. [illegible], National Security Council

UNCLASSIFIED

then reversed itself on the issue of assistance for the Nicaraguan freedom fighters and, in a series of legislative enactments, allowed limited U.S. involvement with the democratic resistance. Specifically, Congress appropriated $27 million in humanitarian assistance,[3] approved the furnishing of intelligence and advice by the Central Intelligence Agency (CIA) to the Nicaraguan Democratic Force (FDN),[4] and approved the provision of communications equipment and training by the CIA.[5]

N 33564

In the aftermath of the congressional modification of the absolute ban on assistance to the FDN, a debate ensued over what kind of U.S. involvement with the FDN was legally permissible. The specific issue addressed in this memorandum is whether the provision of generic military training for the FDN is permissible under current law. Generic military training is training that is not keyed to any specific operation or operations and includes activities such as individual, unit, and technical training.

The question of training is a significant one since the FDN faces defeat by an increasingly professionalized Sandinista military. The Soviet and Cuban provision of sophisticated equipment such as the MI-24 HIND helicopters and other military equipment has augmented the fighting effectiveness of the Sandinista military. [redacted]

Given the increased threat presented by the Sandinista military and the sophisticated counterinsurgency support that is being rendered by the Soviets and Cubans, there is an acute need to professionalize the FDN and other contra military units in order for them to survive in the increasingly hostile environment. [redacted]

---

[3] Supplemental Appropriations Act, 1985, Pub. L. No. 99-88, 99 Stat. 324.

[4] Intelligence Authorization Act for Fiscal Year 1986, Pub. L. No. 99-169, 99 Stat. 1002.

[5] Id.

UNCLASSIFIED

[redacted]

However, this leaves unresolved the critical issue of whether, under existing legislation, the Central Intelligence Agency or other agencies of the U.S. Government are legally permitted to render such training to the Nicaraguan democratic resistance. H 33565

ANALYSIS: Of the two acts that modified the prohibition on U.S. Government involvement with the Nicaraguan democratic resistance, the most germane to this discussion is the Intelligence Authorization Act for Fiscal Year 1986. This act permits the provision of military training, while the legislation authorizing humanitarian assistance appears to explicitly prohibit the use of humanitarian aid funds for such a purpose.

I The Intelligence Authorization Act for Fiscal Year 1986 Permits the Provision of Basic Military Training.

As with any issue of statutory construction, one "must begin with the language of the statute itself."[6] The Intelligence Authorization Act for FY 1986 provides in relevant part:

> Sec. 105. (a) Funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1986 to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua only as authorized in Section 101 and as specified in the classified Schedule of Authorizations referred to in Section 102, or pursuant to Section 502 of the National Security Act of 1947, or to Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88).[7] [Emphasis added]

§105 does not itself specify what kind of activities are allowed under the legislation. However, it makes specific reference to another section of the Intelligence Authorization Act and to sections of the two other acts. It should be noted that the three sections incorporated into Section 105 by reference are not cumulative in effect but stand independent of each other and the satisfaction of the requirements of any one of them will satisfy the requirements of Section 105. Therefore, if an examination of the other three sections reveals that any one of them allows for the provision of generic military training to the FDN then such conduct would be permissible under the Intelligence Authorization Act. In fact, such an examination demonstrates that one of the three sections in issue does authorize the expenditure for providing military training to the FDN, while the remaining two sections do not address the issue.

---

[6] Bread Political Action Committee v. FEC, 455 U.S. 577, 580 (1982), quoting Dawson Chemical Co. v. Rohm & Haas Co., 448 U.S. 176, 187 (1980).

[7] Supra, note 4 at 1003.

UNCLASSIFIED

CONFIDENTIAL

UNCLASSIFIED

1. Section 101 of the Fiscal Year 1986 Intelligence Authorization Act, as Specified in the Classified Schedule of Authorizations Referred to in Section 102 Does Authorize the Expenditure of Funds for the Provision of Information and Advice for the FDN.[6]

On its face, Section 101 merely enumerates the elements of the U.S. Government for which funds are authorized to conduct intelligence and intelligence-related activities without reference to what specific activities are being authorized.[8] However, it is a well settled principle of statutory construction that extrinsic aids may be considered for purposes of interpretation when the statutory language ambiguous or unclear.[9] Therefore, a report issued by a conference committee representing both Houses can be used as an aid in construing ambiguous statutes[10] and, indeed, is generally considered to be the authoritative interpretation.[11] The Joint Explanatory Statement of the Conference Report provides that" "Classified amounts are authorized in Section 101 for intelligence agency infrastructure expenditures related to activities such as the provision of information and advice to the Nicaraguan democratic resistance . . ."[12] [Emphasis added]

Several things should be noted about the above language. First, Section 101 allows the provision of "information and advice" without further defining these concepts. It could mean basic military training.[13] Second, the phrase "information and advice" is conditioned by the words "such as" so that the permissible activities are not limited exclusively to providing "information and advice", however these terms are defined. In construing the statutory language, one must give effect, if

---

[8] *Id.* at 1002

[9] N. SINGER, 2A SUTHERLAND STATUTORY CONSTRUCTION § 48.01 (1984).

[10] *Id.* at §48.08.

[11] Since the conference report represents the final statement of terms agreed to by both Houses of Congress, next to the statute itself, it is the most persuasive evidence of congressional intent. *Demby* v. *Schweiker*, 671 F.2d 507 (DC Cir. 1981)

[12] INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986, H. R. 99-373, 99th Cong., 1st Sess. 14 (1985)

[13] It is a well settled principle of statutory construction that, in the absence of explicit indications to the contrary, statutory terms are presumed to connote their common and accepted meanings. The common meaning of the term "advice" is to render a "recommendation regarding a decision or a course of conduct" and it "implies knowledge or experience, often professional or technical, on the part of one who advises." WEBSTER'S NINTH NEW COLLEGE DICTIONARY 59 (1983) Arguably, the provision of basic military training constitutes precisely the rendering of advice by someone who has the professional or technical knowledge of the subject matter and, hence, is authorized by the above section.

UNCLASSIFIED

73567

possible, to every word of the statute.[14] Thus, the words "such as" must be given their proper effect and suggest that the above statutory enumeration of permissible activities is not exhaustive but merely illustrative. Finally, the availability of funding for the intelligence agency infrastructure could also be interpreted to mean approval for the funding of trainers. (See also the classified annex to this memorandum.)

2. Section 502(b) of the National Security Act of 1947, as Contained in Section 401 of the Fiscal Year 1986 Intelligence Authorization Act Does Not Address the Issue Concerning What Activities Are Permissible Under the Act.

This section states that "Funds available to an intelligence agency may not be made available for any intelligence or intelligence-related activity for which funds were denied by the Congress."[15] In explaining this section, the Conference Report notes "The conferees have agreed to deny all funding requested by the administration for the paramilitary covert action program for Nicaragua."[16] However, following the statement cited above is the explanation that Section 502 does not apply to funds available pursuant to Section 101 of the Conference Report and the Classified Schedule of funds available pursuant to Section 106 of P. L. 98-88 (described below). The Conference Report then states that the specific congressional intent embodied in Section 502(b) is to make approval either of a reprogramming or of a transfer of funds the only way in which funds, materiel, or other assistance beyond what is authorized in Section 101 and the classified Schedule referred to in Section 102, and what is available under Section 106 of the Supplemental Appropriations Act, 1985, could be provided to the Nicaraguan democratic resistance. Overall, Section 502(b) merely precludes the use of the CIA's Reserve for Contingencies for involvement with the FDN and does not enhance our understanding of what is permissible under Section 105 of the Intelligence Authorization Act for FY 86.

3. Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88) Does Not Address the Issue of What Constitutes Permissible Activities.

This section merely provides the procedure for expedited Congressional consideration of a Presidential request for assistance for the Nicaraguan democratic resistance and does not address the issue of permissible activities by the CIA or other government entities.

Therefore, of the three acts through which funds can be authorized to be obligated or expended for assistance to the Nicaraguan democratic resistance, only Section 101 of the Intelligence Authorization Act

---

[14] Fidelity Federal Savings & Loan Assn. v. de la Cuesta, 458 U.S. 141, 163 (1982).

[15] Supra, note 4 at 1005.

[16] Supra, note 12 at 15.

UNCLASSIFIED

for FY 1986 can be construed to permit military training while the remaining statutory sections do not address this issue. This conclusion is reinforced by the explanation of Section 105, provided in the Conference Report.[17] The Joint Explanatory Statement notes:

> The conferees note that under current law and the restriction contained in Section 105 of this Conference Report, the intelligence agencies may provide advice, including intelligence and counterintelligence advice, and information, including intelligence and counterintelligence information, to the Nicaraguan democratic resistance. Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications training provided for pursuant to Section 105, that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations.[18] [Emphasis added]

---

[17] The conference report is the most authoritative interpretation of legislative language. Supra, note 11. It supersedes the explanation on the specific matter in question provided in the Committee reports of either House. While the Senate version did not contain any statement regarding to the provision of information and advice to the contras, the House Report states that " . . . the prohibition that applies to supporting Nicaraguan insurgents or 'contras' applies only to the provision of funds, goods, equipment, civilian or military supplies, or any other material, but does not include the provision of intelligence information or advice to the contras." [Emphasis added] H.R. Rep. 99-106, Part 1, 99th Cong., 1st. Sess. 6 (1986). Arguably the explanation provided in the House Report can be construed to prohibit the provision of any training to the FDN. However, the other language in the House Report as well as the explanation of the House Report provided in the Conference Report undercuts the proposition the provision of that training was prohibited. The House Report refers to the prohibition of "any such funds with the effect of providing arms, ammunition or any other weapons of war." [emphasis added] Supra, note 12. Significantly, no mention is made of military training. Thus, even the House Report, standing alone, does not clearly rule out the provision of the training to the FDN. In any case, even assuming, arguendo, that it does prohibit the provision of military training, the House Report was superseded by the Conference Committee Report.

[18] Supra, note 12 at 16. It should be noted that, although Committee reports carry greater weight, Congressional debate can be referred to in order to interpret ambiguous or unclear language. SUTHERLAND STATUTORY CONSTRUCTION, supra note 9 at § 48.06. However, discussion in the Congress of this language does not further define what is meant by advice or training. See, e.g. 131 CONG. REC. H10294 (daily ed. November 19, 1985) (remarks of Cong. Hamilton); Id. at H10297 (remarks by Cong. Bonior); and 131 CONG. REC. S16074 (daily ed. November 21, 1985) (remarks of Senator Durenberger).

UNCLASSIFIED ~~CONFIDENTIAL~~

UNCLASSIFIED

The first sentence notes that "advice, including intelligence and counterintelligence advice" may be provided to the Nicaraguan democratic resistance. Although it does not state that training is included, neither does it indicate that it is excluded. In other words, advice is not defined as "intelligence and counterintelligence advice" to the exclusion of all other forms of advice. Rather, the Conference Report simply lists, as examples, the two types of advice that are permissible and, as written, is not exhaustive.[19]

The more critical language is contained in the second sentence. Training is prohibited other than communications training which has a special exemption. But the training that is prohibited is defined as training that amounts to "participation in the planning or execution of military or paramilitary operations in Nicaragua" or "to participation in logistics activities integral to such operations."

There are two possible interpretations of the above language. One would suggest that all military training is prohibited. It is arguable that all military training would amount to participation in the planning or execution of military or paramilitary operations in Nicaragua. However, it is a well accepted principle of statutory interpretation that all the particulars of the statutory language must be given their due weight and that the choice of a narrowly defined prohibition by the legislators implies their rejection of a broader prohibition. Therefore, since Congress, instead of drafting a clear-cut prohibition against all military training whatsoever, opted to prohibit only that training that amounts to participation in the planning or execution of military or paramilitary operations in Nicaragua, it follows that other forms of training are permissible.

Thus, the better view is that only the furnishing of advice or training with specific operational implications is prohibited, but not the provision of generic military training, i.e. individual, unit and technical training. Generic military training can be further defined as that sort of basic training that include instruction in individual soldiering skills such as marksmanship, camouflage, movement techniques, first aid techniques, transportation of wounded persons, communications techniques, supply, military discipline, crew served weapons training (including training in air defense weapons), personal hygiene, night training, intelligence reporting, patrolling techniques and construction of individual fortifications, etc. (See also the classified annex.)

The provision of training covered by these generic categories would not violate the prohibition against training that amounts to participation in the planning or execution of military or paramilitary operations in Nicaragua." [Emphasis added] Rather, the prohibited forms of activities are clearly distinguishable from those listed

---

[19] This is in keeping with the Conference Committee's understanding of Section 101 of the Intelligence Authorization Act which authorized "expenditures related to activities such as the provision of information and advice. . ." Supra, note 12 and accompanying text.

UNCLASSIFIED

N 33570

above and would include U.S. Government participation in target selection, operational planning, and the integration of fire support and manuever keyed to specific targets and operations inside Nicaragua. This kind of training would be specifically referenced to the particular features of geography, demographics, climate, communications and transportation systems, Sandinista order of battle, and other conditions or circumstances inside Nicaragua. In other words, the prohibited training is operations oriented and specific in nature and can be clearly distinguished from generic military training which is not aimed at any particular circumstances or location. In contrast, basic military training that includes the list of individual soldiering skills listed above and the unit and technical training envisioned is not peculiar to any country or region and the involvement of the CIA, the Department of Defense or of any other intelligence agency in such training would not violate the prohibition against involvement in the planning or execution of paramilitary operations in Nicaragua.

II. Senate Legislation Authorizing Humanitarian Aid to the FDN Might be Construed to Prohibit the Use of the Humanitarian Aid Funds for Military Training.

Two relevant sections of the Nunn-Lugar Amendment to the Supplemental Appropriations Act, 1985 state:

> (g) As used in this section, the term "humanitarian assistance" means the provision of food, clothing, medicine, other humanitarian assistance, and transportation associated with the delivery of such assistance. Such term does not include weapons, weapons systems, ammunition, or any other equipment or materiel which is designed, or has as its purpose, to inflict serious bodily harm or death.
>
> (h) Nothing in this section precludes sharing or collecting necessary intelligence information by the United States.[20]

While training is not explicitly prohibited by the above statutory text, it appears from statements made by one of the Senate co-sponsors that it was meant to be excluded: For example, Senator Sam Nunn stated at one point that "it is clear that humanitarian assistance would not include training the Contras for military activity."[21]

The above statement, even if construed as a genuine congressional prohibition on the provision of military training, applies solely to the the humanitarian aid package, which was to

---

[20] 131 CONG. REC S7628 (daily ed. June 6, 1985)

[21] 131 CONG. REC S7638-39 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Harkin). Such statements by a sponsor of the statute are considered to be an authoritative guide to statutory interpretation. North Haven Board of Education v. Bell 456 U.S. 512, 527 (1982)

UNCLASSIFIED

be administered by the Department of State, and is not applicable to funds authorized by the Intelligence Authorization Act.[22]

It is also significant that the attempts to amend the humanitarian aid legislation so as to explicitly prohibit training were defeated. An amendment proposed by Sen. Harkin would have defined the language "no materiel assistance" to include the "military training, advice, and activities in support of military operations."[23] In the House of Representatives, an attempt to amend the Michel amendment by Congressman Boland on similar grounds was defeated as well.[24] But, even if these amendments had been passed, they would have had an impact only on the humanitarian aid legislation.

III. The Legality of Military Training is not Affected by the Recent Defeat in the House of Representatives of the Request for Additional Authority and Assistance for the Nicaraguan Democratic Resistance.

On February 27, 1986 a Joint Resolution was introduced in the U.S. Congress requesting approval for additional assistance to the Nicaraguan democratic resistance.[25] Although the President's message did not make reference to military training, it was an open-ended request for authority to obligate and expend at least $70 million for military assistance out of the $100 million requested. Subsequently, a second message was sent to Congress further detailing how the funds were to be spent. Specific reference was made to various types of training which was to take place during the first ninety days following Congressional approval of the request.[26] Without commenting on whether the subsequent Presidential message represented a modification on the original Joint Resolution, it is clear that the defeat of the the entire package would not affect the legality of military training under current laws. The entire legislation was defeated[27] and not each of its separate parts and the enumerated activities to be funded contained a mix of activities both currently permissable as well as those that are prohibited.[28] Therefore, the defeat of the legislative initiative does not prohibit training as it does not change laws currently in effect.

---

[22] It should be pointed out that no money was being appropriated through the Nunn-Lugar amendment for intelligence sharing and, in any case; the language of the amendment merely stated that such sharing was not precluded by the legislation. In addition, in a subsequent colloquy, training was proscribed by Senator Nunn but again, this was done in the context of the humanitarian aid funds and the discussion dealt only with the issue of how the word "materiel" was and defined, was not concerned with intelligence or advice. 131 CONG. REC. S7641-42 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Levin.

[23] 131 CONG. REC. S7731 (daily ed. June 7, 1985).

[24] 131 CONG. REC. H4143-53 (daily ed. June 12, 1985).

[25] 132 CONG. REC. S1788 (daily ed. February 27, 1986); and 132 CONG. REC. H741 (daily ed. February 27, 1986).

[26] President's Message to the Congress of the United States (March 19, 1986) at 2.

[27] 132 CONG. REC. H1493 (daily ed. March 20, 1986).

CONCLUSION: The provision of generic military training is not precluded by current law so long as it is conducted outside of Nicaragua without being directly linked to the planning and execution of military or paramilitary operations in Nicaragua.

This memorandum does not address the issue of whether this activity is required to be reported under the provisions of the Hughes-Ryan Act. However, legal obligations aside, the history of the Central America program has demonstrated that it would be politically prudent to inform the appropriate congressional committees of this anticipated intelligence activity.

If training is to be provided there are several ways this could be accomplished. [redacted] In either case, it is legal under current law to provide this kind of basic training. It should be acknowledged that legislation currently being considered by Congress might change the law in this area. However, should the current law not be affected by pending legislation, the analysis in this memorandum would stand and the provision of basic military training would remain a legally permissible activity.

---

[28] For example, air defense equipment was to be provided/during the first ninety days after passage of the legislation and it is currently prohibited. However, the funds made available through the act could also be used to promote activities that are currently legal as well, such as measures to support "democratic political and diplomatic activities" and military training. Therefore, the fact that the House of Representatives did not approve this measure does not mean that these latter activities are no longer legal, rather that the subsequent funding measure is defeated in toto.

UNCLASSIFIED

N 33,73

CLASSIFIED ANNEX

1. Infrastructure Expenditures: The Classified Annex to the Intelligence Authorization Act for Fiscal Year 1986 states that amounts authorized in Section 101 for CIA infrastructure may be expended for the provision of advice and information for the FDN. In light of the definite of "advice" contained in the attached memorandum, funds for the CIA infrastructure could be used to provide generic military training to the FDN. Whether there are sufficient funds committed for infrastructure in the current budget to accomplish a complete training program, or only enough to complete certain designated technical training programs is uncertain. Pending passage of the President's proposal, the latter may be all that can be accomplished. (TS)

2. Technical Training: [redacted] (S)

IOB TS Control No. 494
Copy No. 1

TS-860804

UNCLASSIFIED

Classified by: Multi Sources
Declassify on: OADR

~~TOP SECRET~~ [redacted]

UNCLASSIFIED

Chapter 26
FN 108

C 0922

OGC-85-53751
19 December 1985

NOTE FOR: Director of Central Intelligence
Deputy Director of Central Intelligence
Executive Director

FROM: Stanley Sporkin
General Counsel

SUBJECT: Nicaragua Finding

1. With respect to Danny Child's concern, I believe that section 105 and its history clearly support the provision of intelligence and advice to the Nicaraguan democratic resistance, including advice on general matters, such as effective delivery and distribution of materiel (i.e., not merely material, but military equipment), so long as this does not include participation in the planning or conduct of military/paramilitary activities, including logistical operations integral to those activities in Nicaragua by the resistance. Thus, while advice on logistical matters not "integral" to military operations would be acceptable, there is a fine line to be drawn and greater cause for concern the closer the CIA role approaches the provision of advice that supports specific military operations.

2. While we can legally defend our authority to carry out the activities called for in this Finding and [redacted], I think this is something that will have to be worked out with the Committees in order to maintain a consensus on the program and avoid the kinds of charges we faced under the original Boland amendment.

Partially Declassified/Released on 23 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

Stanley Sporkin

TS 858852C/1
Copy 1 of 2
SERIES B COPY 4 OF 13 CYS
CL BY 675623
DECL OADR
DERIVED FROM TS 858401

UNCLASSIFIED

~~TOP SECRET~~ [redacted]

1193

REVIEWED FOR RELEASE
Date 24 March 87
HSC + SSC

C110788

UNCLASSIFIED

U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

Executive Registry
85- 3919/3

C 0923

December 4, 1985

Honorable William J. Casey
Director of Central Intelligence
Washington, D. C. 20505

Dear Mr. Casey:

The Joint Explanatory Statement that accompanies the conference report on H.R. 2419 says the following:

> "Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications training provided for pursuant to Section 105, that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations."

This sentence might suggest to some that all the conferees sought to prohibit with respect to logistics activities was physical participation therein. Senator Durenberger's statement to the Senate suggested that "advice on matters such as effective delivery and distribution of material" could be provided. As my own colloquy with Congressman Bonior on the House floor would indicate, however, the correct reading is that the phrase "participation in logistics activities" includes planning or providing advice. The conferees did not intend to prohibit military advice on all aspects of paramilitary or military operations except logistics operations. As I said in conference and while explaining the conference report to the House, intelligence personnel are not to act as military advisors to the contras. This certainly includes advising them on logistical operations upon which military or paramilitary operations depend for their effectiveness. That is the agreement that was struck by the conferees with regard to the category of military advice.

With best wishes, I am

Sincerely yours,

Lee H. Hamilton
Chairman

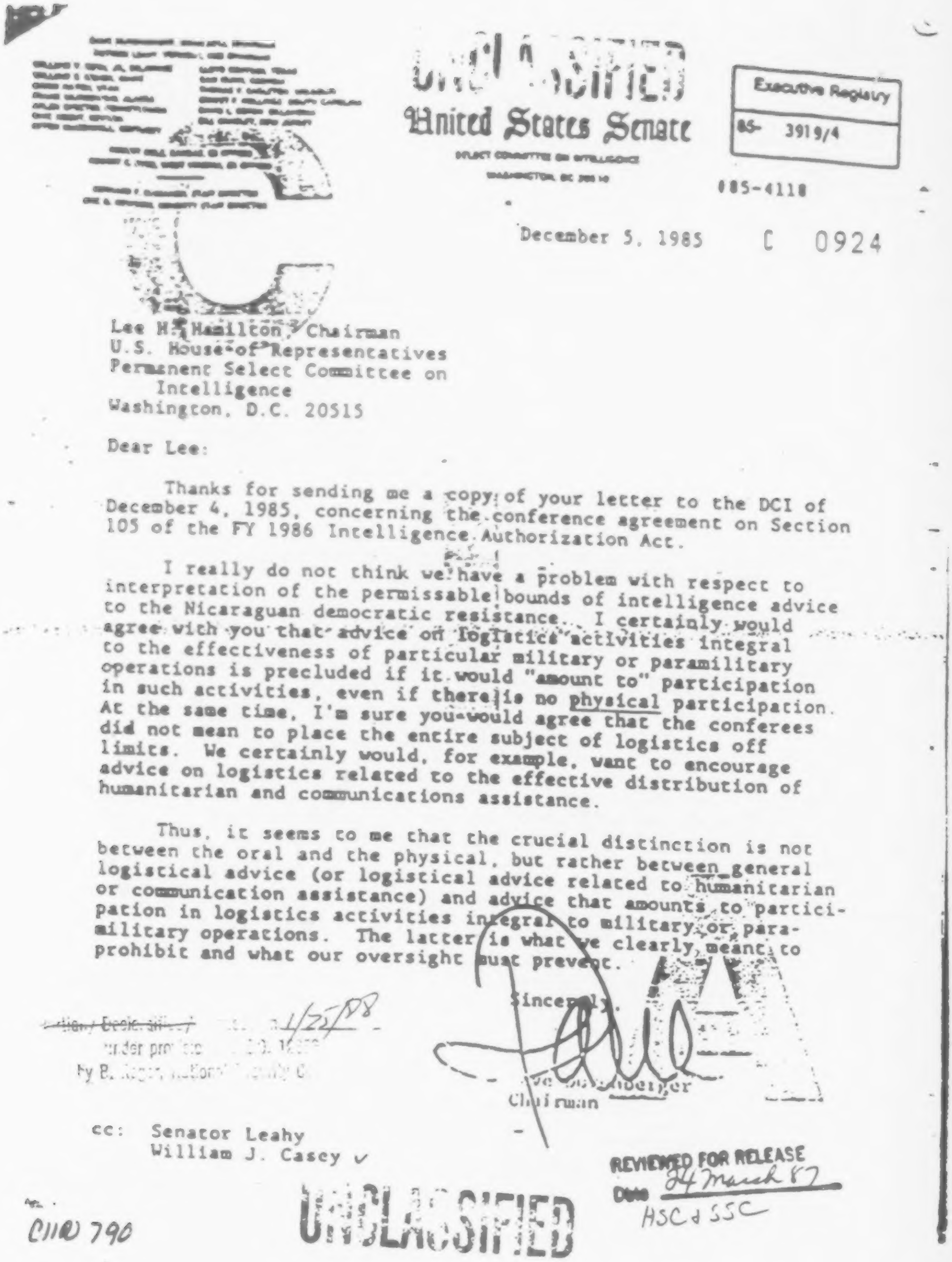
4/20/88

cc: Senator Dave Durenberger
Senator Patrick J. Leahy

CIIIN 789

UNCLASSIFIED

REVIEWED FOR RELEASE
Date 24 March 87
HSC & SSC



UNCLASSIFIED

United States Senate
SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510

Executive Registry
85- 3919/4

#85-4118

December 5, 1985

C 0924

Lee H. Hamilton, Chairman
U.S. House of Representatives
Permanent Select Committee on
Intelligence
Washington, D.C. 20515

Dear Lee:

Thanks for sending me a copy of your letter to the DCI of December 4, 1985, concerning the conference agreement on Section 105 of the FY 1986 Intelligence Authorization Act.

I really do not think we have a problem with respect to interpretation of the permissable bounds of intelligence advice to the Nicaraguan democratic resistance. I certainly would agree with you that advice on logistics activities integral to the effectiveness of particular military or paramilitary operations is precluded if it would "amount to" participation in such activities, even if there is no physical participation. At the same time, I'm sure you would agree that the conferees did not mean to place the entire subject of logistics off limits. We certainly would, for example, want to encourage advice on logistics related to the effective distribution of humanitarian and communications assistance.

Thus, it seems to me that the crucial distinction is not between the oral and the physical, but rather between general logistical advice (or logistical advice related to humanitarian or communication assistance) and advice that amounts to participation in logistics activities integral to military or paramilitary operations. The latter is what we clearly meant to prohibit and what our oversight must prevent.

Sincerely,

Dave Durenberger
Chairman

~~Partially Declassified/~~ Released on 1/25/88
under provisions of E.O. 12356
By B. Reger, National Security Council

cc: Senator Leahy
William J. Casey ✓

C110 790

UNCLASSIFIED

REVIEWED FOR RELEASE
Date 24 March 87
HSC & SSC

UNCLASSIFIED

[illegible]

U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

Executive Registry
85- 3919/5

C 0925

December 9, 1985

Louis

Honorable Dave Durenberger
Chairman
Senate Select Committee on Intelligence
Washington, D.C. 20510

Dear Dave:

Thanks for your letter of December 5 concerning logistical advice to the contras.

I do agree with you that the Conferees on the FY 1986 Intelligence Authorization Act did not put the entire subject of logistics off limits. However, we did constrain CIA activities in significant ways. Further, the Supplemental Appropriations Act for FY 1985 also constrains the CIA. The Agency is not to participate in any way in the distribution of humanitarian assistance. The Agency may only provide advice and support to other U.S. government agencies responsible for the distribution of the assistance. Thus, the Act makes clear direct CIA logistical advice on the effective distribution of humanitarian assistance is not appropriate. The Conference Report does not amend the Supplemental Appropriations Act.

The other problem, as I see it, is that logistical advice on how to distribute food inside Nicaragua is as useful for the distribution of ammunition as it is for food. Both items are essential for the conduct of military and paramilitary operations in Nicaragua. Thus, advice in this area can well be seen as military advice to the contras. It would ill serve the Agency to become embroiled in controversy at this juncture regarding a matter about which Congress has expressed such repeated reservations.

With best wishes, I am

Sincerely yours,

Lee H. Hamilton
Chairman

UNCLASSIFIED

cc Hon Patrick J. Leahy
Vice Chairman
Senate Select Committee on Intelligence

Hon William J. Casey
Director of Central Intelligence

C110 791

1/5/88

REVIEWED FOR RELEASE
Date 24 March 87
HSC + SSC

CHAPTER 27. RULE OF LAW

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 28. RECOMMENDATIONS

THIS CHAPTER DOES NOT CONTAIN FOOTNOTES.

MINORITY REPORT

CHAPTER 1. INTRODUCTION

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE
AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 2. THE FOREIGN AFFAIRS POWERS AND THE FRAMERS' INTENTIONS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 3. THE PRESIDENT'S FOREIGN POLICY POWERS IN EARLY CONSTITUTIONAL HISTORY

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE
AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 4. CONSTITUTIONAL PRINCIPLES IN COURT

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

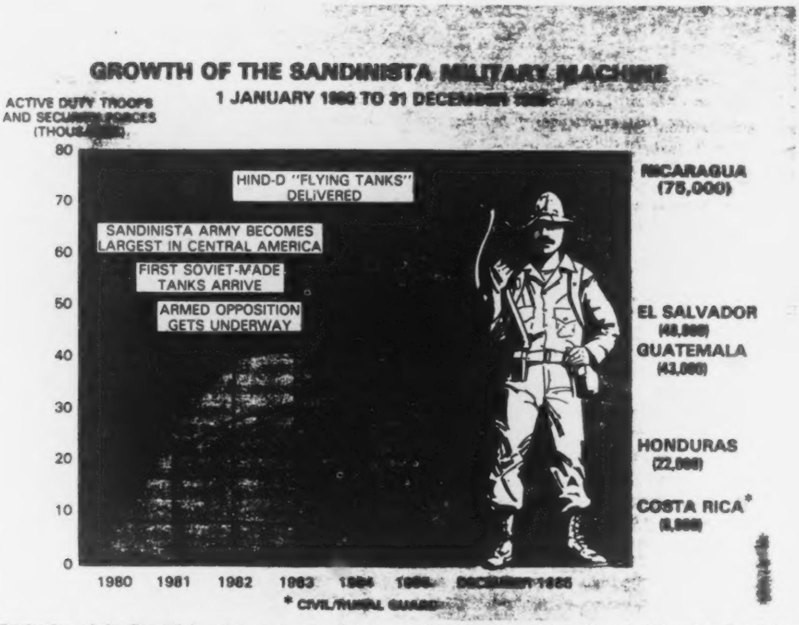
CHAPTER 5. NICARAGUA: THE CONTEXT

5-3

THE CHALLENGE TO DEMOCRACY IN CENTRAL AMERICA

Gulf of Mexico
Atlantic Ocean
Miami
The Bahamas
Cuba
Haiti
Dominican Republic
Jamaica
Mexico
Belize
Guatemala
Honduras
Caribbean Sea
El Salvador
Panama
Costa Rica
Venezuela
Pacific Ocean
Colombia

RELEASED by the DEPARTMENT of STATE and DEPARTMENT of DEFENSE
JUNE 1986
WASHINGTON, D.C.



Militarization of the Central American region has been caused by the Sandinista military buildup. The Sandinistas had created the largest armed forces in Central America only 18 months after coming into power, and more than a year before the armed democratic resistance became a significant factor.

regime commenced. This intense buildup, resulting from Soviet-bloc assistance, started while the United States was giving the Sandinistas millions of dollars in economic aid.

That the Sandinistas did not consider themselves threatened by armed opposition was inadvertently revealed by no less an authority than Carlos Tunnermann, Managua's Ambassador to the United States. Writing in the 30 March 1985 *Washington Post*, Tunnermann attempted to blame the United States for all of Nicaragua's woes. He wrote that prior to November 1981, the date he claims that the United States decided to assist the Nicaraguan armed resistance, "there were only a few hundred ex-GN [Somoza's National Guard] soldiers staging sporadic raids on farms along the border. Their principal occupations were cattle-rustling and extortion."[24] In short, the Sandinistas perceived no military threat. But by November 1981, the response to these few hundred "cattle rustlers" included a Sandinista army of almost 40,000, and Soviet-made tanks, artillery, and armored personnel carriers.

The Sandinista armed forces are organized along Cuban lines, just as Castro's military follows the organizational structure of the Soviet Union. To facilitate this design of an "Eastern European" military, there are more than 3,000 Cuban, and more than 100 Soviet and East European, military and security advisers in Nicaragua. The Sandinista armored force today totals about 350 tanks and armored vehicles (Somoza had 28). The rest of the Central American countries' *combined* armored force totals about 200, and the few tanks in this total have considerably less fire power than the Soviet-made T-55 tanks, the backbone of the Sandinista arsenal. Soviet-made armored personnel carriers could provide the Sandinista infantry a mobility unmatched in the region. The Sandinistas also can boast of Soviet-made artillery with a range greater than the artillery in some U.S. Army divisions.

Many supporters of the Sandinistas minimize the importance of the tanks the Soviets have provided to their newest clients. They claim the tanks are useless in "the mountains and jungles" of Central America. These

5-5

The Sandinista Military Build-Up:

An Update

Released by the Department of State and the Department of Defense

October 1987

The remainder of Somoza's armor consisted of 25 antiquated Staghound armored cars.

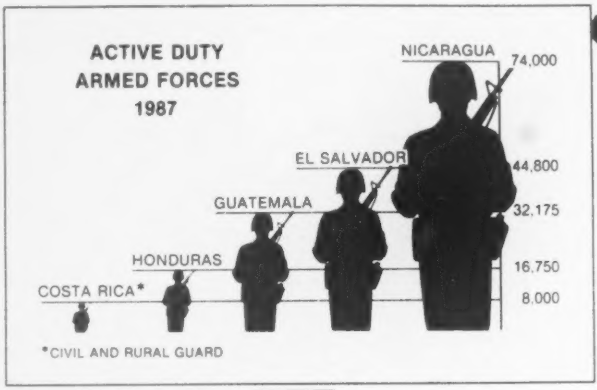
The Sandinistas began building an armored force of unrivaled size and firepower in Central America. Crews and mechanics for tanks and other vehicles were sent to Cuba for training. Facilities to support the forthcoming arsenal were built.

The first Soviet-built T–55 tanks arrived in mid-1981. The T–55, weighing 36 metric tons and armed with a 100-millimeter gun, can outgun any tank in the region. Formerly the Soviets' main battle tank, it still is being used by Warsaw Pact armies. The Sandinistas used the T–55s to form their first armored battalion, based just outside Managua. By 1982, the Sandinistas had obtained a sufficient number of T–55s to organize a second armored battalion. By the end of 1984, they had acquired more than 110 T–55 tanks, enough to form 5 armored battalions.

In 1984, the Soviets provided the Nicaraguans with about 30 PT–76 light tanks. This amphibious tank, armed with a 76-millimeter gun, fords rivers easily and can maneuver in some of the difficult terrain found in parts of Nicaragua.

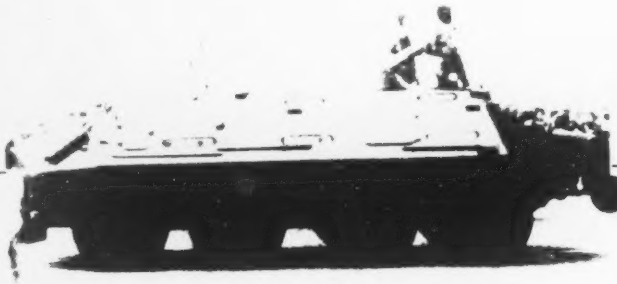
The Soviets, through their allies, also have equipped the Sandinista army with more than 250 armored vehicles, mostly BTR–60 and BTR–152 armored personnel carriers. These vehicles are armed with a machinegun and can carry a squad of infantry. The first BTR–60s began arriving in mid-1981. The EPS also has received Soviet-made command vehicles and BRDM–2 amphibious armored reconnaissance vehicles. The Sandinistas now have formed two mechanized infantry brigades.

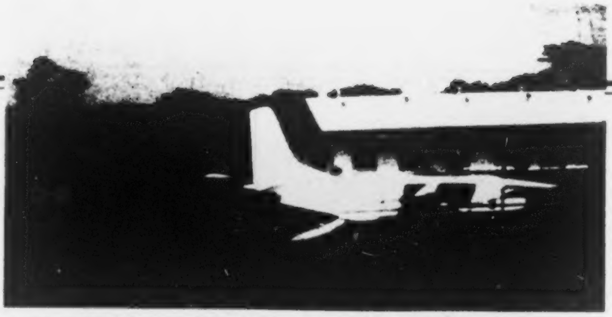
The terrain in certain parts of Nicaragua is well suited to armored operations, although in other parts of the country the terrain imposes con-



Nicaragua has a higher percentage of its population on active military duty than any other country in Latin America, except Cuba.

Somoza had 25 antiquated armored cars; the Sandinistas now have over 250. The BRDM–2 (left) is fully amphibious and armed with a machinegun. The BTR–152 (right) carries up to 17 infantry troops, and the BTR–60 (below) can transport a squad of infantry.





In 1983, the Sandinistas acquired their first two Soviet-built AN–26 transports. They now have six.

craft, that is, the need for lengthy pilot training and the construction of airfields, the FAS grew slowly in its early years. The first fixed-wing aircraft added to the inventory were older and unsophisticated models, such as Soviet-made AN–2s. In 1982, they acquired four Italian-made SF–260 trainer/tactical support aircraft from Libya. Six Soviet-made AN–26 medium transports have significantly improved the Sandinistas' logistics support capabilities.

The Sandinistas' helicopter inventory has grown more rapidly. The great majority of these craft have been obtained from the Soviets and their allies. In 1981, the first two Soviet Mi–8/17 HIP medium-lift helicopters arrived. The following April, the Soviets formally donated the HIPs to the Sandinistas, explaining that they were to be used to help develop the Atlantic Coast region of Nicaragua. In fact, the HIP is one of the Soviet Union's front-line combat helicopters and can be armed with machinegun and rocket pods. The Sandinistas have received more than 40 HIPs and have used them extensively in military operations. The Sandinistas also have acquired Polish-built Mi–2/HOPLITE utility cargo helicopters.

In late 1984, the Sandinistas received the first of a new generation of helicopter gunships, the Mi–24/HIND D. This is the Soviets' principal attack helicopter, and it has been used extensively by the Soviets against resistance forces in Afghanistan. One of the most highly sophisticated attack helicopters in the world, it holds the world military helicopter speed record and can be armed with a multiple-barrel machinegun, guided missiles, rocket pods, and bombs.

The HIND's heavy armor, coupled with its high speed, greatly reduces its vulnerability to small arms fire.[9] Acquisition of the HIND D adds a new dimension to warfare in Central America. Key targets in Honduras, Costa Rica, and El Salvador are all within the reach of this flying "tank." Some 12 Mi–24s have been delivered to Nicaragua and have been used against internal resistance forces.

Top FSLN leaders have repeatedly proclaimed their desire to acquire high-performance jet fighters. Nicaraguan pilots and mechanics reportedly have been undergoing training in Cuba and eastern Europe since the early 1980s. In 1982, with Cuban assistance, the Sandinistas began constructing the Punta Huete airfield in an isolated area northeast of Managua. The principal runway at Punta Huete is 10,000 feet in length, making it the longest military runway in Central America. It can accommodate any aircraft in the Soviet-bloc inventory. Sixteen revet-

The Mi–8/17 HIP is one of the Soviets' principal combat helicopters. It can be armed with a machinegun, rocket pods, and antitank missiles. Some HIPs also serve as transports for Sandinista troops and their equipment. The Sandinistas have received more than 40 HIPs.

CHAPTER 6. THE BOLAND AMENDMENTS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 7. WHO DID WHAT TO HELP THE DEMOCRATIC RESISTANCE

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 8. THE IRAN INITIATIVE

8-29

PRINCETON UNIVERSITY
WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
29 SEPTEMBER 1987

CIA AND THE MAKING OF AMERICAN FOREIGN POLICY

BY ROBERT M. GATES
DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

INTRODUCTION

OVER THE YEARS, PUBLIC VIEWS OF CIA AND ITS ROLE IN AMERICAN FOREIGN POLICY HAVE BEEN SHAPED PRIMARILY BY MOVIES, TELEVISION, NOVELS, NEWSPAPERS, BOOKS BY JOURNALISTS, HEADLINES GROWING OUT OF CONGRESSIONAL INQUIRIES, EXPOSES BY FORMER INTELLIGENCE OFFICERS, AND ESSAYS BY EXPERTS WHO HAVE NEVER SERVED IN AMERICAN INTELLIGENCE AND BY SOME WHO HAVE SERVED AND STILL NEVER UNDERSTOOD OUR ROLE. WE ARE SAID TO BE AN INVISIBLE GOVERNMENT AND YET ARE THE MOST VISIBLE, MOST EXTERNALLY SCRUTINIZED AND MOST PUBLICIZED INTELLIGENCE SERVICE IN THE WORLD. WHILE WE SOMETIMES ARE ABLE TO REFUTE PUBLICLY ALLEGATIONS AND CRITICISM AGAINST US, USUALLY WE MUST REMAIN SILENT. THE RESULT IS A CONTRADICTORY MELANGE OF IMAGES OF CIA AND VERY LITTLE UNDERSTANDING OF OUR REAL ROLE IN AMERICAN GOVERNMENT.

TONIGHT, I WOULD LIKE TO TRY TO ILLUMINATE, AND I HOPE EXPAND, YOUR UNDERSTANDING OF CIA'S ROLE IN THE MAKING OF AMERICAN FOREIGN POLICY.

THIS ROLE TAKES THREE BROAD FORMS:

-- FIRST, CIA IS RESPONSIBLE FOR THE COLLECTION, ANALYSIS AND DISTRIBUTION OF INTELLIGENCE INFORMATION TO POLICYMAKERS, PRINCIPALLY THE PRESIDENT, THE NATIONAL SECURITY COUNCIL AND THE DEPARTMENTS OF STATE AND DEFENSE -- ALTHOUGH IN RECENT YEARS MANY OTHER DEPARTMENTS AND AGENCIES HAVE BECOME MAJOR USERS OF INTELLIGENCE. THIS IS A WELL KNOWN AREA, AND I WILL SPEAK OF IT ONLY SUMMARILY.

-- SECOND, CIA IS CHARGED WITH THE CONDUCT OF COVERT ACTION, THE ONE AREA WHERE WE IMPLEMENT POLICY. THIS IS A SUBJECT SO COMPLEX AND SO CONTROVERSIAL AS TO REQUIRE SEPARATE TREATMENT AT ANOTHER TIME, ANOTHER PLACE.

-- THIRD, AND MOST SIGNIFICANT, CIA'S ROLE IS PLAYED OUT IN THE INTERACTION, PRIMARILY IN WASHINGTON, BETWEEN CIA AND THE POLICY COMMUNITY. IT IS IN THE DYNAMICS OF THIS RELATIONSHIP THAT THE INFLUENCE AND ROLE OF CIA ARE DETERMINED -- WHETHER CIA'S ASSESSMENTS ARE HEEDED OR NOT, WHETHER CIA'S INFORMATION IS RELEVANT AND TIMELY ENOUGH TO BE USEFUL, AND WHETHER CIA'S RELATIONSHIP WITH POLICYMAKERS FROM ISSUE TO ISSUE AND

PROBLEM TO PROBLEM, IS SUPPORTIVE OR ADVERSARIAL. IT IS THIS DYNAMIC INTERACTION OF INTELLIGENCE AND POLICY THAT IS THE LEAST WELL UNDERSTOOD AND IT IS THIS AREA THAT I WILL FOCUS ON TONIGHT.

THE DIRECTOR OF CENTRAL INTELLIGENCE, THE DCI, SERVES BOTH AS DIRECTOR OF CIA AND HEAD OF THE UNITED STATES INTELLIGENCE COMMUNITY, WHICH ENCOMPASSES CIA; THE DEFENSE INTELLIGENCE AGENCY; THE NATIONAL SECURITY AGENCY; THE INTELLIGENCE COMPONENTS OF THE DEPARTMENTS OF STATE, TREASURY, ENERGY, AND THE FOUR MILITARY SERVICES; AND THE FBI. OF THESE, ONLY CIA IS COMPLETELY INDEPENDENT OF ANY POLICY DEPARTMENT OR AGENCY AND ACCEPTS REQUESTS FOR INTELLIGENCE SUPPORT FROM THROUGHOUT THE EXECUTIVE BRANCH. IT IS THE DCI AND CIA THAT SERVE AS THE PRINCIPAL CONDUITS OF INTELLIGENCE TO THE PRESIDENT AND NATIONAL SECURITY COUNCIL PRINCIPALS.

WHAT THEN, DOES CIA DO? BECAUSE OF THE MEDIA'S FOCUS ON COVERT ACTION, I WOULD LIKE TO SAY FIRST OF ALL THAT OVER 95 PERCENT OF THE NATIONAL INTELLIGENCE BUDGET IS DEVOTED TO THE COLLECTION AND ANALYSIS OF INFORMATION. ABOUT THREE PERCENT OF CIA'S PEOPLE ARE INVOLVED IN COVERT ACTION.

COLLECTION AND ANALYSIS

NOW, IF WE ARE NOT SPENDING MOST OF OUR TIME AND MONEY ATTEMPTING TO OVERTHROW GOVERNMENTS, WHAT EXACTLY DOES CIA DO? AS JOHN RANELAGH SAYS IN HIS HISTORY OF CIA, "TO THE PRESENT THE CIA IS AN ECHO OF ITS FOUNDERS. ITS JOB IS NOT TO FIND ENEMIES BUT TO DEFINE THEM. ITS THEME IS THE SUBSTITUTION OF INTELLIGENCE FOR FORCE." CIA DEVOTES THE OVERWHELMING PREPONDERANCE OF ITS RESOURCES TO MONITORING AND REPORTING ON DAY TO DAY DEVELOPMENTS AROUND THE WORLD, AND DETERMINING AND RESPONDING TO POLICYMAKERS' LONGER RANGE REQUIREMENTS FOR INFORMATION AND ANALYSIS.

WHAT IS INTELLIGENCE INFORMATION AND HOW IS IT USED BY THE POLICYMAKER? OUR INFORMATION COMES FROM SATELLITES; NEWSPAPERS, PERIODICALS, RADIO, AND TELEVISION WORLDWIDE; DIPLOMATS AND MILITARY ATTACHES OVERSEAS; AND, OF COURSE, FROM SECRET AGENTS. THAT INFORMATION FLOWS TO WASHINGTON WHERE ANALYSTS, WITH BACKGROUNDS IN SCORES OF DISCIPLINES, SIFT THROUGH IT, EXAMINE IT, COLLATE IT, AND TRY TO MAKE SENSE OF THE BILLIONS OF BITS AND PIECES THAT COME TO US ON ISSUES AND DEVELOPMENTS WORLD-WIDE OF INTEREST TO THE UNITED STATES. WE THEN REPORT OUR FINDINGS TO POLICY OFFICIALS AND TO THE MILITARY.

WHAT CLEARLY DISTINGUISHES INFORMATION SUITABLE FOR INTELLIGENCE EXPLOITATION IS ITS RELEVANCE TO US POLICY AND US INTERESTS. IT IS THE COMPREHENSIVENESS OF OUR COLLECTION AND ANALYSIS, THEIR FOCUS ON THE NATIONAL SECURITY INTERESTS OF THE UNITED STATES, AND THE ADVANTAGE OF UNIQUE OR PRIOR KNOWLEDGE, THAT MAKE INTELLIGENCE VALUABLE TO THE POLICYMAKER. OFTEN, WE MAKE A CONTRIBUTION SIMPLY THROUGH OUR ABILITY TO ORGANIZE THE FACTS IN A CLEAR AND CONCISE WAY, BY PROVIDING THE SAME FACTS TO DIFFERENT ORGANIZATIONS, AND BY IDENTIFYING THE IMPORTANT QUESTIONS -- AND BY TRYING TO ANSWER THEM.

THIS INFORMATION FINDS ITS WAY TO THE POLICYMAKER IN SEVERAL WAYS:

-- FIRST, INTELLIGENCE ON DAY TO DAY EVENTS AND DEVELOPMENTS AROUND THE WORLD IS PROVIDED TO SENIOR OFFICIALS DAILY OR EVEN SEVERAL TIMES A DAY.

-- SECOND, THE CIA CONTRIBUTES ANALYSIS TO POLICY PAPERS DESCRIBING BOTH EVENTS AT HAND AND POTENTIAL OPPORTUNITIES OR PROBLEMS FOR THE UNITED STATES. NEARLY ALL NSC AND SUB-CABINET MEETINGS BEGIN WITH AN INTELLIGENCE BRIEFING.

-- THIRD, NATIONAL INTELLIGENCE ESTIMATES CAN PLAY AN IMPORTANT ROLE IN THE MAKING OF POLICY. THESE ESTIMATES ARE THE MOST FORMAL EXPRESSION OF THE INTELLIGENCE COMMUNITY'S VIEWS. ALL OF THE INTELLIGENCE AGENCIES OF THE GOVERNMENT BOTH CONTRIBUTE TO AND COORDINATE ON WHAT IS SAID IN THESE ESTIMATES.

-- FOURTH, POLICYMAKERS RECEIVE SPECIALIZED ASSESSMENTS BY INDIVIDUAL AGENCIES. CIA'S ASSESSMENTS OR RESEARCH PROGRAM IS THE PRODUCT OF THE LARGEST INTELLIGENCE COLLECTION AND ANALYSIS ORGANIZATION IN THE WORLD. THE RANGE OF ISSUES IS BREATHTAKING -- FROM STRATEGIC WEAPONS TO FOOD SUPPLIES; EPIDEMIOLOGY TO SPACE; WATER AND CLIMATE TO THIRD WORLD POLITICAL INSTABILITY; MINERAL AND ENERGY RESOURCES TO INTERNATIONAL FINANCE; SOVIET LASER WEAPONS TO REMOTE TRIBAL DEMOGRAPHICS; CHEMICAL AND BIOLOGICAL WEAPONS PROLIFERATION TO COMMODITY SUPPLIES; AND MANY, MANY MORE.

CIA-POLICY RELATIONSHIPS

SO FAR, SO GOOD. WHAT I HAVE JUST REVIEWED IS A TEXTBOOK DESCRIPTION OF THE ROLE OF INTELLIGENCE. IT IS NEAT, UNAMBIGUOUS, CLINICAL, NON-CONTROVERSIAL, EVEN COMMENDABLE -- AND HIGHLY MISLEADING. WHAT ABOUT USERS WHO LOOK NOT FOR DATA OR UNDERSTANDING, BUT FOR SUPPORT FOR DECISIONS ALREADY MADE; OR THOSE WHO SELECTIVELY USE OR MISSTATE INTELLIGENCE TO INFLUENCE PUBLIC DEBATE OVER POLICY; OR USERS WHO LABEL INTELLIGENCE THEY DISLIKE AS TOO SOFT, TOO HARD OR COOKED; OR INTELLIGENCE OFFICERS WITH THEIR OWN AGENDAS OR BIASES; OR THE IMPLICATIONS FOR INTELLIGENCE AND POLICY OF A CIA DIRECTOR HELD AT TOO GREAT A DISTANCE FROM THE PRESIDENT OR ONE WHO IS HELD TOO CLOSE; OR THE FRUSTRATIONS OF CONSTANTLY CHANGING EVALUATIONS, OR ANALYSIS THAT IS JUST PLAIN WRONG; OR THE USE OF INTELLIGENCE AS A POLITICAL FOOTBALL BETWEEN GOVERNMENT DEPARTMENTS OR BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES? THE ATTITUDES AND BEHAVIOR OF OFFICIALS IN CIA AND POLICY AGENCIES THAT LIE BEHIND THESE AND MANY SIMILAR ISSUES AND THE INTERACTION AMONG THEM COMPRISE THE DYNAMIC OF THE RELATIONSHIP — WHAT PROFESSOR YEHOSHAFAT HARKABI OF HEBREW UNIVERSITY OF JERUSALEM DESCRIBES AS "THE INTELLIGENCE-POLICYMAKER TANGLE."

IN 1949, SHERMAN KENT, IN HIS BOOK STRATEGIC INTELLIGENCE FOR AMERICAN WORLD POLICY, SAID "THERE IS NO PHASE OF THE INTELLIGENCE BUSINESS WHICH IS MORE IMPORTANT THAN THE PROPER RELATIONSHIP BETWEEN INTELLIGENCE ITSELF AND THE PEOPLE WHO USE ITS PRODUCT. ODDLY ENOUGH, THIS RELATIONSHIP, WHICH ONE WOULD EXPECT TO ESTABLISH ITSELF AUTOMATICALLY, DOES NOT DO THIS."

THE FACT IS THAT, OVER THE YEARS, THE POLICYMAKER AND THE INTELLIGENCE OFFICER HAVE CONSISTENTLY -- AND WITH FRIGHTENINGLY FEW EXCEPTIONS -- COME TOGETHER HUGELY IGNORANT OF THE REALITIES AND COMPLEXITIES OF EACH OTHER'S WORLD -- PROCESS, TECHNIQUE, FORM AND CULTURE. CIA OFFICERS CAN TELL YOU IN EXCRUCIATING DETAIL HOW FOREIGN POLICY IS MADE IN EVERY COUNTRY IN THE WORLD SAVE ONE -- THE UNITED STATES. BY THE SAME TOKEN, AS SUGGESTED BY PROFESSOR HARKABI, THE UNHAPPINESS OF INTELLIGENCE PEOPLE SWELLS "WHEN THEY COMPARE THE SOPHISTICATION AND ADVANCED METHODS EMPLOYED IN COLLECTION OF THE INFORMATION AND THE PRODUCTION OF INTELLIGENCE AGAINST THE CAVALIER FASHION OR IMPROVISATION WITH WHICH POLICY DECISIONS ARE MANY A TIME REACHED."

BOOKSHELVES GROAN UNDER THE LITERATURE OF PROPOSED RULES OF ENGAGEMENT WHEN THESE TWO WORLDS COLLIDE. IN 1956, FOR EXAMPLE, ROGER HILSMAN WROTE THAT INTELLIGENCE PRODUCERS MUST "ORIENT THEMSELVES FRANKLY AND CONSCIOUSLY TOWARD POLICY AND ACTION ... ADAPTING TOOLS EXPRESSLY TO THE NEEDS OF POLICY."

OTHERS, AS DESCRIBED IN ONE INTELLIGENCE MONOGRAPH, ARGUED THAT "THE INTELLIGENCE PRODUCER SHOULD INITIATE NO DIRECT INTERACTION WITH HIS CONSUMERS, BUT RATHER SHOULD RESPOND TO REQUESTS FOR DATA AND ANALYSIS."

SHERMAN KENT OF YALE AND THEN OF CIA WAS PERHAPS THE FIRST OF THE EARLY INTELLIGENCE COMMENTATORS TO SEE THE NEED FOR A DIFFERENT, MORE DIRECT AND INTENSIVE INTERACTION BETWEEN POLICYMAKER AND INTELLIGENCE OFFICER. WARNING THAT PROTECTING THE OBJECTIVITY OF THE INTELLIGENCE ANALYST COULD BE LIKENED TO PILING ARMOR ON A MEDIEVAL KNIGHT UNTIL HE WAS ABSOLUTELY SAFE BUT COMPLETELY USELESS, KENT CONCLUDED THAT THE GREATER DANGER TO AN EFFECTIVE ROLE WAS IN BEING TOO DISTANT. EVEN SO, HE FORESAW A TROUBLED RELATIONSHIP -- THAT INTELLIGENCE OFFICERS' SKEPTICISM OF POLICYMAKERS' OBJECTIVITY -- AND THE LATTER'S CONSEQUENT RESENTMENT --- WOULD STULTIFY A FREE GIVE AND TAKE BETWEEN THEM; THAT POLICYMAKERS WOULD SEE THE VERY FACT OF CIA ASSESSMENTS AS AN INSULT TO THEIR OWN INTELLECTUAL CAPABILITIES; THAT SECURITY CONCERNS BY EACH PARTY WOULD ENCOURAGE WARINESS AND RETICENCE. AND, IN TRUTH, THESE AND OTHER DIFFICULTIES STILL LARGELY SHAPE CIA'S ROLE IN FOREIGN POLICY PROCESS.

LET ME ELABORATE ON THESE DIFFICULTIES -- ON THE REALITY OF A ROUGH AND TUMBLE WORLD -- BASED ON PERSONAL EXPERIENCE IN BOTH WORLDS AT DIFFERENT TIMES UNDER FIVE PRESIDENTS.

THE INSTITUTIONAL AUTONOMY OF THE AMERICAN INTELLIGENCE SERVICE -- OF CIA -- IS UNIQUE IN THE WORLD. WHILE THIS CONFERS CERTAIN ADVANTAGES, ABOVE ALL INDEPENDENCE, SUCH AUTONOMY ALSO IMBUES THE CIA-POLICY COMMUNITY RELATIONSHIP WITH A SIGNIFICANT ADVERSARIAL AS WELL AS SUPPORTIVE CONTENT. AND, THE POLICYMAKER HAS A LONG LIST OF GRIEVANCES, MANY LEGITIMATE, SOME NOT.

-- POLICYMAKERS LEGITIMATELY WANT INTELLIGENCE INFORMATION THAT WILL INFORM AND GUIDE THEIR TACTICAL DAY TO DAY DECISIONMAKING. IN SOME AREAS, WE CAN AND DO MEET THEIR NEEDS. FOR EXAMPLE, IN 1980, THANKS TO A VERY BRAVE MAN, WE WERE ABLE TO PROVIDE POLICYMAKERS WITH KNOWLEDGE OF THE STEP BY STEP PREPARATIONS FOR THE IMPOSITION OF MARTIAL LAW IN POLAND. IN EARLY 1986, WE WERE ABLE TO DOCUMENT IN EXTRAORDINARY DETAIL ELECTORAL CHEATING IN THE PHILIPPINES. THERE ARE EVEN SOME AREAS WHERE OUR INTELLIGENCE IS SO GOOD THAT IT REDUCES POLICYMAKERS FLEXIBILITY AND ROOM FOR MANEUVER. YET, I WOULD HAVE TO ACKNOWLEDGE THAT THERE ARE COUNTRIES AND ISSUES IMPORTANT TO THE UNITED STATES WHERE SUCH TACTICAL INTELLIGENCE -- MOST OFTEN POLITICAL INTELLIGENCE -- IS SORELY DEFICIENT AND POLICYMAKER COMPLAINTS ARE JUSTIFIED. OUR CAPABILITIES ARE MUCH IMPROVED IN RECENT YEARS, BUT STILL UNEVEN. AND NO

MATTER HOW GOOD WE ARE, THERE WILL STILL BE SURPRISES OR GAPS.

-- IT WILL NOT SURPRISE YOU THAT VERY FEW POLICYMAKERS WELCOME CIA INFORMATION WHICH DIRECTLY OR BY INFERENCE CHALLENGES THE SUCCESS OR ADEQUACY OF THEIR POLICIES OR THE ACCURACY OF THEIR PRONOUNCEMENTS. INDEED, DURING THE VIETNAM WAR, A CONSTANT REFRAIN FROM POLICYMAKERS WAS, "AREN'T YOU GUYS ON THE TEAM?" YET, I CONCEDE THAT ON MORE THAN A FEW OCCASIONS, POLICYMAKERS HAVE ANALYZED OR FORECAST DEVELOPMENTS BETTER THAN WE. AND, TRUTH BE KNOWN, ANALYSTS HAVE SOMETIMES GONE OVERBOARD TO PROVE A POLICYMAKER WRONG. WHEN SECRETARY OF STATE HAIG ASSERTED THAT THE SOVIETS WERE BEHIND INTERNATIONAL TERRORISM, ANALYSTS INITIALLY SET OUT NOT TO ADDRESS THE ISSUE IN ALL ITS ASPECTS BUT RATHER TO PROVE THE SECRETARY WRONG -- TO PROVE SIMPLY THAT THE SOVIETS DO NOT ORCHESTRATE ALL INTERNATIONAL TERRORISM. BUT IN SO DOING, THEY WENT TOO FAR THEMSELVES AND FAILED IN EARLY DRAFTS TO DESCRIBE EXTENSIVE AND WELL-DOCUMENTED INDIRECT SOVIET SUPPORT FOR TERRORIST GROUPS AND THEIR SPONSORS. FAR FROM KOW-TOWING TO THE POLICYMAKER, THERE IS SOMETIMES A STRONG IMPULSE ON THE PART OF INTELLIGENCE OFFICERS TO SHOW THAT A POLICY OR DECISION IS MISGUIDED OR WRONG, TO POKE AN ANALYTICAL FINGER IN THE POLICY EYE.

POLICYMAKERS KNOW THIS AND UNDERSTANDABLY RESENT IT. TO PROTECT THE INDEPENDENCE OF THE ANALYST WHILE KEEPING SUCH IMPULSES IN CHECK IS ONE OF THE TOUGHEST JOBS OF INTELLIGENCE MANAGERS.

-- IN THIS CONNECTION, THE POLICYMAKER SOMETIMES HAS THE SENSE THAT CIA IS ATTEMPTING, AT LEAST BY INFERENCE, TO "GRADE" HIS PERFORMANCE. FURTHER, THE POLICYMAKER IS OFTEN SUSPICIOUS THAT WHEN CIA'S ANALYSIS SUGGESTS POLICY IS FAILING OR IN DIFFICULTY, THESE CONCLUSIONS ARE, WITH MALICE, WIDELY CIRCULATED BY THE AGENCY FOR USE AS AMMUNITION BY CRITICS OF THE POLICY INSIDE THE EXECUTIVE BRANCH, WITH CONGRESS OR WITH THE PUBLIC.

-- OFTEN POLICYMAKERS, FACING A SITUATION OF EXTREME DELICACY WITH ANOTHER COUNTRY, ESPECIALLY WHERE US LAW OR POLITICAL SENSITIVITIES MAY BE INVOLVED, WILL CAUTION US AS WE WRITE OR BRIEF: "NOW, YOU HAVE TO BE CAREFUL WHAT YOU SAY ABOUT THIS -- LET'S WORK IT OUT TOGETHER BEFOREHAND." AND, WHILE PROTECTING OUR INDEPENDENCE, WE DO TRY TO BE CAREFUL AND WE DO TRY TO TAKE THEIR CONCERNS INTO ACCOUNT -- BUT THAT IS LITTLE SOLACE TO A POLICYMAKER WHO IS AT THE POLITICAL MERCY OF ANY CIA BRIEFER WHO GOES TO CAPITOL HILL.

-- MANY POLICYMAKERS BELIEVE CIA ALLOWS ITS BIASES TO DOMINATE ITS REPORTING. WHO WOULD DISAGREE THAT CIA OFFICERS HAVE VIEWS AND BIASES, AND THAT THEY TRY TO PROMOTE THEM? BUT, CIA IS NOT MONOLITHIC; THERE IS A WIDE RANGE OF VIEWS INSIDE ON VIRTUALLY EVERY ISSUE. INDEED, THE INTERNAL DEBATES ARE FIERCE AND SOMETIMES BRUTAL -- AFTER ALL, THE STAKES ARE VERY HIGH. IT IS NOT A PLACE FOR THE FAINT-HEARTED. WE HAVE ELABORATE PROCEDURES FOR REVIEWING ASSESSMENTS TO TRY TO FILTER OUT INDIVIDUAL BIAS AND MAKE OUR REPORTING AS OBJECTIVE AS POSSIBLE. AND WHEN WE SEND OUT A PROVOCATIVE ANALYSIS BY AN INDIVIDUAL WE TRY ALWAYS TO IDENTIFY IT AS A PERSONAL VIEW.

BEYOND THIS, IS THERE AN INSTITUTIONAL BIAS THAT AFFECTS OUR WORK? PROBABLY, IN SOME AREAS, IN THE BROADEST SENSE, AND PERHAPS BASED ON EXPERIENCE. AS AN INSTITUTION, WE ARE PROBABLY MORE SKEPTICAL OF SOVIET INTENTIONS THAN MOST; MORE CYNICAL ABOUT THE PUBLIC POSTURE OF OTHER GOVERNMENTS WHEN CONTRASTED TO THEIR ACTIONS, OVERT AND COVERT; MORE DOUBTFUL ABOUT THE EASE AND SPEED WITH WHICH THE UNITED STATES CAN USUALLY AFFECT DEVELOPMENTS OVERSEAS; AND, FAIRLY CONSISTENTLY, WE WILL TEND TO SEE PERILS AND DIFFICULTY WHERE OTHERS DO NOT.

SUSPICIONS THAT CIA'S ASSESSMENTS ARE BIASED IN AREAS WHERE CIA IS INVOLVED IN COVERT ACTION FAIL TO TAKE INTO ACCOUNT OUR REALIZATION THAT OUR WORK IN SUCH AREAS IS SCRUTINIZED WITH SPECIAL CARE BY OTHERS (ESPECIALLY THE CONGRESS) FOR SIGNS OF BIAS. THE ORGANIZATIONAL INDEPENDENCE OF ANALYSIS FROM OPERATIONS IS BUTTRESSED BY INTERNAL AGENCY RIVALRIES.

-- POLICYMAKERS' IMPATIENCE WITH INTELLIGENCE -- WITH CIA -- IS INTENSIFIED BY THE FACT THAT WE ARE SOMETIMES WRONG IN OUR ANALYSIS AND FORECASTS, AND WE OFTEN CHANGE OUR ASSESSMENTS BASED ON NEW ANALYSIS OR NEW INFORMATION. WE DO NOT ACKNOWLEDGE ERROR GRACEFULLY, AND OFTEN DO NOT FOREWARN POLICYMAKERS OF REVISED VIEWS BEFORE THE INFORMATION HITS THE STREET. A POLICYMAKER WHO HAS MADE DECISIONS BASED ON ONE ASSESSMENT ONLY TO SEE IT CHANGE OR TO FIND THAT IT WAS WRONG WILL NOT THINK FONDLY OF US OR SOON WISH AGAIN TO PROCEED ON OUR ASSURANCES OR ASSESSMENTS.

-- AS I SUGGESTED EARLIER, A SPECIAL CRITICISM BY POLICYMAKERS IS THAT CIA IS TOO FREQUENTLY A VOICE OF GLOOM AND DOOM. FOR POLICYMAKERS WHO MUST TRY TO FIND SOLUTIONS FOR INTRACTABLE PROBLEMS OR A WAY OUT OF A NO-WIN SITUATION, OUR FOREBODINGS AND POINTING OUT OF

PERILS AND DANGERS ARE OF LITTLE HELP AND ARE HIGHLY AGGRAVATING.

-- CIA'S RELATIONSHIP WITH CONGRESS ALSO IS A SPECIAL PROBLEM FOR POLICYMAKERS FOR SEVERAL REASONS, AND IT PROFOUNDLY INFLUENCES OUR ROLE. VIRTUALLY ALL CIA ASSESSMENTS GO TO THE TWO CONGRESSIONAL INTELLIGENCE COMMITTEES. MOST GO ALSO TO THE ARMED SERVICES, FOREIGN RELATIONS, AND APPROPRIATIONS COMMITTEES. IN 1986, CIA SENT SOME 5000 INTELLIGENCE REPORTS TO CONGRESS AND GAVE MANY HUNDREDS OF BRIEFINGS. ALL THIS IS NEW IN THE LAST DECADE OR SO. AS A RESULT, AND THANKS TO THEIR STAFFS, MANY SENATORS AND REPRESENTATIVES ARE OFTEN BETTER INFORMED ABOUT CIA'S INFORMATION AND ASSESSMENTS ON A GIVEN SUBJECT THAN THE POLICYMAKER. AND THAT INTELLIGENCE IS OFTEN USED TO CRITICIZE AND CHALLENGE POLICY, TO SET ONE EXECUTIVE AGENCY AGAINST ANOTHER, AND TO EXPOSE DISAGREEMENTS WITHIN AN ADMINISTRATION.

MOST SPECIALISTS WRITING ABOUT THE CHANGED BALANCE OF POWER IN RECENT YEARS BETWEEN THE EXECUTIVE AND CONGRESS ON NATIONAL SECURITY POLICY, CITE WATERGATE AND VIETNAM AS PRIMARY CAUSES. I BELIEVE THERE WAS A THIRD PRINCIPAL FACTOR -- WHEN CONGRESS OBTAINED ACCESS TO INTELLIGENCE INFORMATION IN THE MID-1970S ESSENTIALLY EQUAL TO THAT OF THE EXECUTIVE BRANCH.

- IMAGINE THE REACTION OF THE FORD ADMINISTRATION IN THE MID-70S WHEN THEY WENT TO CONGRESS TO GET ADDITIONAL MONEY FOR CAMBODIA ONLY TO BE CONFRONTED BY THE LEGISLATORS WITH A NEW INTELLIGENCE ASSESSMENT THAT THE SITUATION WAS HOPELESS.
- IMAGINE PRESIDENT CARTER SEEKING A US TROOP CUT IN SOUTH KOREA ONLY TO FIND CONGRESS AWARE OF A NEW INTELLIGENCE ESTIMATE THAT CONCLUDED THE NUMBER OF NORTH KOREAN DIVISIONS HAD GROWN.
- IMAGINE THE REACTION OF A SECRETARY OF DEFENSE SEEKING FUNDS FOR A NEW WEAPON ONLY TO BE TOLD ON THE HILL OF INTELLIGENCE THAT THE SOVIETS COULD NEUTRALIZE THE WEAPON.

THIS SITUATION ADDS EXTRAORDINARY STRESS TO THE RELATIONSHIP BETWEEN CIA AND POLICY AGENCIES. POLICYMAKER SUSPICION OF CIA USING INTELLIGENCE TO SABOTAGE SELECTED ADMINISTRATION POLICIES IS OFTEN NOT FAR BELOW THE SURFACE. AND NOT A FEW MEMBERS OF CONGRESS ARE WILLING TO EXPLOIT THIS SITUATION BY THEIR OWN SELECTIVE USE OF INTELLIGENCE THAT SUPPORTS THEIR VIEWS. THE END RESULT IS TO STRENGTHEN THE

CONGRESSIONAL HAND IN POLICY DEBATES AND TO HEIGHTEN GREATLY THE TENSIONS BETWEEN CIA AND THE REST OF THE EXECUTIVE BRANCH.

THE OVERSIGHT PROCESS HAS ALSO GIVEN CONGRESS -- ESPECIALLY THE TWO INTELLIGENCE COMMITTEES -- FAR GREATER KNOWLEDGE OF AND INFLUENCE OVER THE WAY CIA AND OTHER INTELLIGENCE AGENCIES SPEND THEIR MONEY THAN ANYONE IN THE EXECUTIVE WOULD DREAM OF EXERCISING: FROM EXPENDITURES IN THE BILLIONS TO LINE ITEMS IN THE THOUSANDS. CONGRESS HAS BEEN IMMENSELY SUPPORTIVE AND STEADFAST IN PROVIDING THE RESOURCES OVER THE PAST TEN YEARS TO REBUILD AMERICAN INTELLIGENCE. BUT I SUSPECT IT CAUSES POLICYMAKERS CONSIDERABLE HEARTBURN TO KNOW THAT CONGRESS MAY ACTUALLY HAVE MORE INFLUENCE TODAY OVER OUR PRIORITIES AND HOW WE SPEND OUR MONEY THAN THE EXECUTIVE BRANCH.

THE RESULT OF THESE REALITIES IS THAT CIA TODAY IS IN A REMARKABLE POSITION, POISED NEARLY EQUIDISTANT BETWEEN THE EXECUTIVE AND LEGISLATIVE BRANCHES -- THE FORMER KNOWS THAT CIA IS IN NO POSITION TO WITHHOLD MUCH FROM CONGRESS AND IS EXTREMELY SENSITIVE TO IT, THE CONGRESS HAS ENORMOUS INFLUENCE AND INFORMATION YET REMAINS SUSPICIOUS AND MISTRUSTFUL. THIS MAY BE OR MAY NOT BE HISTORICALLY CHARACTERISTIC OF OTHER EXECUTIVE

DEPARTMENTS' RELATIONSHIPS WITH CONGRESS, ALTHOUGH I SUSPECT NOT. REGARDLESS, SUCH A CENTRAL LEGISLATIVE ROLE WITH RESPECT TO AN INTELLIGENCE SERVICE IS UNIQUE IN OUR HISTORY AND IN THE WORLD. AND OUR POLICYMAKERS KNOW IT.

NOW, LET ME TURN TO CIA'S ROLE AND RELATIONSHIP WITH THE POLICYMAKER AS SEEN FROM OUR VANTAGE POINT.

— LET ME SAY AT THE OUTSET THAT IN EVERY ADMINISTRATION DURING WHICH I HAVE SERVED THERE HAVE BEEN A NUMBER OF SENIOR POLICYMAKERS (ASSISTANT SECRETARY AND ABOVE) WHO WERE AVID USERS AND READERS OF INTELLIGENCE AND WHO AGGRESSIVELY SOUGHT CIA ANALYSIS AND VIEWS. THEY DEDICATED CONSIDERABLE TIME TO TALKING ABOUT SUBSTANTIVE AND POLICY PROBLEMS WITH US. WE HAVE HAD UNPRECEDENTED ACCESS IN THIS ADMINISTRATION FROM THE PRESIDENT ON DOWN, ESPECIALLY FOR ANALYSIS, AND DAILY CONTACT WITH THE MOST SENIOR OFFICIALS OF THE GOVERNMENT, INCLUDING THE VICE PRESIDENT AND THE SECRETARIES OF STATE AND DEFENSE. THEY HAVE OFTEN DIRECTLY TASKED US AND OFFERED REACTIONS TO THE INTELLIGENCE THEY READ — AND THEY HAVE READ A GREAT DEAL. THIS IS TRUE ALSO OF THEIR SENIOR SUBORDINATES, WITH WHOM WE ARE IN CONSTANT CONTACT. THIS HAS CONTRIBUTED ENORMOUSLY TO IMPROVING THE RELEVANCE, TIMING, AND SUBSTANCE OF OUR ANALYSIS AND OTHER SUPPORT. IT IS A DYNAMIC, HEALTHY RELATIONSHIP, EVEN THOUGH IT IS FOCUSED PRIMARILY ON CURRENT ISSUES.

-- THIS PREOCCUPATION WITH CURRENT REPORTING IS, FROM OUR PERSPECTIVE, A MAJOR PROBLEM. IF, AS I HAVE BEEN TOLD, THE AVERAGE TENURE OF AN ASSISTANT SECRETARY IN GOVERNMENT IS 21 MONTHS, A SHORT TERM FOCUS IS UNDERSTANDABLE BUT LAMENTABLE, AND, ULTIMATELY, VERY COSTLY TO OUR COUNTRY. ONE OF OUR GREATEST CONCERNS OVER THE YEARS HAS BEEN THE UNWILLINGNESS OR INABILITY OF MOST POLICYMAKERS TO SPEND MUCH TIME ON LONGER RANGE ISSUES -- LOOKING AHEAD SEVERAL STEPS -- OR IN HELPING TO GUIDE OR DIRECT OUR EFFORTS. FOR MANY YEARS WE HAVE STRUGGLED, LARGELY IN VAIN, TO GET POLICY OFFICIALS TO DEVOTE TIME TO NON-CRISIS RELATED INTELLIGENCE ISSUES. FOR EXAMPLE, WE WORK HARD TO DETERMINE THEIR REQUIREMENTS -- WHAT ARE THEIR PRIORITIES, WHAT ISSUES OR PROBLEMS SHOULD WE ADDRESS, HOW CAN WE HELP? ONE REASON CONGRESS HAS ASSUMED A LARGER ROLE IN THESE AREAS, IN MY VIEW, IS BECAUSE POLICYMAKERS IN SUCCESSIVE ADMINISTRATIONS HAVE LARGELY ABDICATED THEIR RESPONSIBILITIES. FOR MANY YEARS, TRYING TO GET SENIOR POLICY PRINCIPALS TO MEETINGS TO DISCUSS LONGER RANGE INTELLIGENCE REQUIREMENTS HAS BEEN AN EXERCISE IN FRUSTRATION. BEYOND THE LACK OF HELP ON REQUIREMENTS, WE GET LITTLE FEEDBACK ON OUR LONGER RANGE WORK TO HELP US BE MORE RESPONSIVE. WE HAVE BEEN MORE AGGRESSIVE IN RECENT YEARS IN TRYING TO ENGAGE POLICYMAKERS ON THESE MATTERS, AND KEY FIGURES IN THIS ADMINISTRATION HAVE SHOWN SOME INTEREST IN SELECTED LONG RANGE PROBLEMS, BUT SUCH INTEREST REMAINS EXCEEDINGLY, DANGEROUSLY RARE.

— IN PART BECAUSE OF INSUFFICIENT TIME SPENT ON INTELLIGENCE, TOO MANY POLICYMAKERS EARLY ON HAVE UNREALISTIC EXPECTATIONS ABOUT WHAT WE CAN DO THAT, WHEN DISAPPOINTED, TURN TO SKEPTICISM WHETHER WE CAN DO ANYTHING.

— IT HAS BEEN MY EXPERIENCE OVER THE YEARS THAT THE POLICYMAKERS' RESPONSE TO INTELLIGENCE THEY DISAGREE WITH OR FIND UNPALATABLE MOST OFTEN IS TO IGNORE IT; SOMETIMES, THEY WILL CHARACTERIZE IT AS INCOMPLETE, TOO NARROWLY FOCUSED OR AS INCOMPETENT (AND THEY ARE SOMETIMES RIGHT); AND OCCASIONALLY THEY WILL CHARGE THAT IT IS "COOKED" OR THAT IT REFLECTS A CIA BIAS. IN 21 YEARS IN INTELLIGENCE, I HAVE NEVER HEARD A POLICYMAKER (OR ANYONE ELSE FOR THAT MATTER) CHARACTERIZE AS BIASED OR COOKED A CIA ASSESSMENT WITH WHICH HE AGREED. ON VIETNAM, VARIOUS ASPECTS OF SOVIET POLICY AND BEHAVIOR, ANGOLA, LEBANON, THE EFFECTIVENESS OF EMBARGOES OR SANCTIONS, AND OTHER ISSUES OVER THE

YEARS, OUR ANALYSTS HAVE DRAWN CONCLUSIONS THAT DASH COLD WATER ON THE HOPES AND EFFORTS OF THE POLICYMAKERS. SOMETIMES WE HAVE BEEN WRONG, BUT ON PROBLEMS LARGE AND SMALL WE HAVE NOT FLINCHED FROM PRESENTING OUR HONEST VIEW.

THERE IS NO CHARGE TO WHICH WE IN CIA ARE MORE SENSITIVE THAN THAT OF "COOKING" INTELLIGENCE -- OF SLANTING OUR REPORTING TO SUPPORT POLICY. EVERY DIRECTOR SINCE I JOINED CIA HAS BEEN ACCUSED OF THIS AT ONE TIME OR ANOTHER, I BELIEVE IN VIRTUALLY ALL INSTANCES UNFAIRLY. FIRST, ONE MUST UNDERSTAND THE DISTINCTION BETWEEN PERSONAL AND INSTITUTIONAL VIEWS. NATIONAL ESTIMATES ARE REVIEWED AND COORDINATED BY A DOZEN AGENCIES; CIA ASSESSMENTS ARE WIDELY REVIEWED INSIDE THE AGENCY BUT ALMOST NEVER EVEN SEEN BY THE DIRECTOR BEFORE BEING PUBLISHED AND CIRCULATED. AS NOTED EARLIER, ALL GO TO SEVERAL COMMITTEES OF THE CONGRESS, WHERE THEY ARE SCRUTINIZED.

THESE FORMAL ASSESSMENTS MUST BE DISTINGUISHED FROM PERSONAL VIEWS EXPRESSED BY INDIVIDUALS AT ALL LEVELS OF THE AGENCY, FROM ANALYST TO SENIOR OPERATIONS OFFICER TO DIRECTOR. MORE THAN ONCE, DCI CASEY (AND PROBABLY HIS PREDECESSORS) APPROVED AN ESTIMATE WITH WHICH HE DISAGREED PERSONALLY, AND SEPARATELY CONVEYED

HIS PERSONAL VIEW TO POLICYMAKERS. LEST THIS RAISE EYEBROWS, I REMIND YOU THAT IN 1962 DCI MCCONE DISAGREED WITH THE ENTIRE INTELLIGENCE COMMUNITY ON WHETHER THE SOVIETS MIGHT INSTALL MISSILES IN CUBA. HE TOLD PRESIDENT KENNEDY THEY WOULD, AND HE ALONE IN THE EXECUTIVE BRANCH WAS RIGHT. AND, I SHOULD ADD, I AM TOLD, THIS COST HIM HIS RELATIONSHIP WITH THE PRESIDENT. AS LONG AS ALL POINTS OF VIEW ARE FAIRLY REPRESENTED AND REPORTED, THE DIRECTOR OF CENTRAL INTELLIGENCE -- THE PRESIDENT'S CHIEF INTELLIGENCE ADVISER -- IS ENTITLED (EVEN OBLIGATED) TO HAVE AND TO PUT FORWARD HIS OWN VIEW. AS PROFESSOR HENRY ROWEN OF STANFORD UNIVERSITY RECENTLY WROTE IN THE NEW YORK TIMES, "... A CIA DIRECTOR IS NOT SUPPOSED TO BE AN INTELLECTUAL EUNUCH."

POLICYMAKERS HAVE ALWAYS LIKED INTELLIGENCE THAT SUPPORTED WHAT THEY WANT TO DO, AND THEY OFTEN TRY TO INFLUENCE THE ANALYSIS TO COME TO CONCLUSIONS THEY WANT. THEY ASK CAREFULLY PHRASED QUESTIONS; THEY SOMETIMES WITHHOLD INFORMATION; THEY BROADEN OR NARROW THE ISSUE; ON RARE OCCASIONS, THEY EVEN TRY TO INTIMIDATE. THE PRESSURES CAN BE ENORMOUS. THIS IS WHERE THE INTEGRITY OF INTELLIGENCE OFFICERS, BOLSTERED BY A NATURAL TENDENCY TO RESIST PRESSURE AND AN OFTEN ADVERSARIAL BUREAUCRATIC RELATIONSHIP, COMES INTO PLAY TO PROTECT THE INDEPENDENCE OF THE ASSESSMENT.

BUT, OVERALL, YOU MUST UNDERSTAND THAT THE GIVE AND TAKE -- THE DIALOGUE -- BETWEEN POLICYMAKER AND INTELLIGENCE OFFICER ON ISSUES IS NORMAL, HEALTHY, AND USUALLY IMPROVES OUR ASSESSMENTS AND MAKES THEM MORE USEFUL TO THE POLICYMAKER -- EVEN WHILE OBJECTIVITY IS PRESERVED. WE KNOW THEY ARE OFTEN TRYING TO INFLUENCE AN ASSESSMENT, BUT THAT DOES NOT RENDER THEIR INFORMATION AND INSIGHTS IRRELEVANT OR OFF-LIMITS.

A FINAL THOUGHT. TO ATTEMPT TO SLANT INTELLIGENCE NOT ONLY TRANGRESSES THE DEEPEST ETHICAL AND CULTURAL PRINCIPLE OF CIA, WE ALL KNOW IT WOULD ALSO BE FOOLISH -- IT WOULD PRESUPPOSE A SINGLE POINT OF VIEW IN AN ADMINISTRATION AND WOULD IGNORE THE REALITY OF CONGRESSIONAL READERSHIP. INDEED, IN MY OPINION, THE SHARING OF INTELLIGENCE WITH CONGRESS IS ONE OF THE SUREST GUARANTEES OF CIA'S INDEPENDENCE AND OBJECTIVITY. AS DIRECTOR WEBSTER HAS SAID, "WE INTEND TO 'TELL IT AS IT IS,' AVOIDING BIAS AS MUCH AS WE CAN, OR THE POLITICIZATION OF OUR PRODUCT. POLICYMAKERS MAY NOT LIKE THE MESSAGE THEY HEAR FROM US, ESPECIALLY IF THEY HAVE A DIFFERENT POINT OF VIEW. MY POSITION IS THAT IN THE PREPARATION OF INTELLIGENCE JUDGMENTS, PARTICULARLY IN NATIONAL INTELLIGENCE ESTIMATES, WE WILL PROVIDE THEM FOR THE USE OF POLICYMAKERS. THEY

CAN BE USED IN WHOLE OR IN PART. THEY CAN BE IGNORED, OR TORN UP, OR THROWN AWAY, BUT THEY MAY NOT BE CHANGED."

CONCLUSION

WHAT I HAVE DESCRIBED HERE IS THE REALITY OF CIA'S ROLE IN THE MAKING OF AMERICAN FOREIGN POLICY. I HAVE TRIED TO GO BEYOND THE MECHANICS AND THE HEADLINES TO IDENTIFY THE STRESSES, TENSIONS, RIVALRIES, ENDURING COMPLAINTS AND RELATIONSHIPS -- THE PULLING AND HAULING, DAY IN AND DAY OUT, REAL LIFE IF YOU WILL -- THAT DETERMINE CIA'S ROLE AND ITS IMPACT. SOME OF OUR ANALYSES ARE BETTER THAN OTHERS; SOME INTELLIGENCE EXPERTS ARE BETTER THAN OTHERS; ESTIMATES SOMETIMES ALLEGED TO BE POLITICIZED OR BIASED WERE NOT THAT AT ALL -- SOMETIMES THEY WERE JUST NOT VERY WELL DONE. BUT UNEVENNESS OF QUALITY SHOULD NOT BE CONFUSED WITH POLITICIZATION.

CIA'S AUTONOMY IS UNIQUE IN OUR GOVERNMENT, ITS RELATIONSHIP WITH THE LEGISLATURE IS UNIQUE IN THE WORLD. OUR RELATIONSHIPS WITH OTHER ELEMENTS OF THE EXECUTIVE ARE A DYNAMIC BLEND OF SUPPORT AND RIVALRY, OF COOPERATION AND CONFLICT. OUR CHALLENGE IS TO MANAGE THOSE RELATIONSHIPS SO

THAT IT WAS A FAITHFUL INSTRUMENT OF THE MOST DECENT AND PERHAPS THE SIMPLEST OF THE GREAT POWERS, AND CERTAINLY THE ONE THAT EVEN IN ITS DARKEST PASSAGES PRACTICED MOST CONSISTENTLY THE VIRTUE OF HOPE."

THE UNITED STATES HAS THE FINEST GLOBAL INTELLIGENCE SERVICE IN THE WORLD. FAITHFUL TO THE CONSTITUTION AND THE LAWS, IT HELPS TO SAFEGUARD OUR FREEDOM AGAINST OUR ADVERSARIES AND HELPS THE POLICYMAKER UNDERSTAND AND DEAL WITH THE OFTEN DANGEROUS WORLD AROUND US. CIA IS TRULY AMERICA'S FIRST LINE OF DEFENSE -- ITS EYES AND EARS. AND OUR DEEPEST COMMITMENT, TO BORROW A PHRASE USED BY ERIC LARRABEE TO DESCRIBE GEORGE MARSHALL, IS "TO SPEAK TRUTH TO POWER."

8-48

~~J 6861~~

משרד ראש הממשלה
PRIME MINISTER'S OFFICE

J 7431

Jerusalem February 28, 1986.

TOP SECRET

Dear Mr. President,

I was pleased to learn of the results of the meeting at Frankfurt.

Implementation of decisions and commitments made there, along with progress made at the following meeting, can pave the way to an important strategic breakthrough for both our countries.

I can assure you that on our part we shall make every effort to facilitate a successful meeting. I have already instructed my representative to prepare useful data and pass it on to his U.S. counterpart. Moreover, at the next meeting, he will be prepared to assist your delegation with whatever means are available to us as relevant to new issues that arise.

It is my firm conviction that the fundamental change we both seek as to the direction of the country with which we are dealing, holds promise not only for our two countries but for many others in the region and in the free world.

Concurrently, I trust that you are aware of our own severe problem concerning our men, Israelis and Jews, held in jeopardy.

Cognizant of the sensitivity and delicacy of the Frankfurt meeting, and in order not to jeopardize its outcome, we accepted that a discussion of our problem be postponed.

Consequently, at the next meeting, once your expectations regarding your own men are met, we will be most interested in having the issue of our men raised.

/2.

President Ronald Reagan
The White House
Washington DC
United States of America

~~J 6062~~

J 7432

Our representative will then be prepared to offer to your delegation concrete suggestions to facilitate solutions to our problem.

Please be assured of my sincere appreciation of the courageous and visionary manner in which you have guided efforts in this challenging matter. It is both a pleasure and an honor to work jointly with you and your impressive team on this venture.

Sincerely,

Shimon Peres

S 5916

6. "We found some individuals (in Iran) that it might be possible for us to deal with.... There are factions within Iran."

— Those with whom we were dealing were unscrupulous and untrustworthy. They are advocates and practitioners of that very scourge we are fighting elsewhere in the world — terrorism. Our two primary contacts for the operation were Gorbanifar and [redacted]

8-51

— Gorbanifar had been rejected by the CIA as a contact since, after several polygraphs, they concluded he was a "habitual fabricator" who could not be trusted.

-- On November 16 [redacted]

7. "We did not condone and do not condone the shipment of arms from other countries.... We have had nothing to do with other countries or their shipment of arms or doing what they're doing."

— As your subsequent clarification notes, we knew that Israel was shipping weapons. In a July, 1985 discussion with Bud McFarlane, Israeli MFA Director General David Kimche directly sought U.S. approval of Israeli arms transfers to Iran. I am told Bud did not sanction such shipments but said that the U.S. would not stop selling arms to Israel if a transfer occurred.

[redacted]

#136

EXHIBIT
GPS-45

[illegible] 1987

S 3917

-- The direct linkage between Israeli and U.S. supply is shown by the fact that, in early 1986, we supplied 508 TOWs to Israel to replace those it had sent to Iran in September 1985.

-- Bill Casey's testimony for tomorrow reveals that in November 1985 the CIA helped Israel transfer Hawk missiles by Israel to Iran at the NSC staff's request. Shockingly, the NSC staff denies having made this request.

-- The NSC staff has apparently arranged that Southern Air Transport carry many of the arms to Iran. The CIA says this is no longer a proprietary. It is noteworthy, however, that it is the same airline on which Hasenfus and others carried arms to the Contras. This will undoubtedly complicate our efforts to support the Contras.

3. "The mission was served that made us waive temporarily for that really miniscule amount of spare parts and defensive weapons.... The so-called violation did not in any way alter the military balance between the two countries."

[redacted]

4. "Iran does not own or have authority over the Hezbollah.... The Iranian government had no hostages. Iran held no hostages."

-- Without any qualification, Hizballah is a creature of the Government of Iran, and Iran is its main banker, patron, arms supplier, and adviser.

S 3910

—Hizbollah was established in 1982 in Lebanon by Iranian Revolutionary Guards. [redacted]

— The Revolutionary Justice Organization (RJO) has claimed credit for the kidnapping of two of the last three American hostages. The kidnapping of the third was claimed by the Islamic Jihad Organization, an Iranian-controlled entity.

[redacted]

— We are convinced that Iranian-controlled groups in Lebanon have concluded that it is in their interest to kidnap additional Americans because, whatever we may say, America does pay ransom.

5. "Our purposes were...to bring a negotiated end to the Iran-Iraq war."

—Opening a channel of communications to Iran could hasten that end. The supply of arms, even in the context you described, will only make Iran more intransigent and more set on prosecuting the war. The Iranian leadership is convinced it has managed a major breakthrough, and other arms suppliers will now disregard Operation Staunch efforts. Everyone with experience in Iran and dealing with Iranians firmly believes that we have lengthened the war because of the psychological and political boost we have given to those who successfully got arms out of us. In a November 18 speech, Ayatollah Khomeini has told his nation that the "Black House" representatives "presented themselves meekly and humbly at the door of this nation, wishing to establish relations. They wish to apologize for their mistake, but our nation rejects them."

6 May 1987

3919

6. "There is a mistaken perception that we have been exchanging arms for hostages."

— It is very clear to the Iranians that we were exchanging arms for hostages. McFarlane informed the Secretary that Kimche reported that hostages would be released on November 22, 1985 and that Israel planned to fly 120 Hawk missiles from [redacted] Israel, and subsequently to Iran if the hostages were released. (In the event, the shipments were sent via a CIA proprietary and were delivered to Iran despite the fact that no hostages were released.)

— On several occasions, McFarlane and Poindexter described the operation to us, and Ollie North described it to others, as being arms for hostages, and in some cases as money for hostages. Every time a hostage was released, it was preceded by a shipment of arms to Iran. Regardless of our statements to the contrary, we are convinced that the Iranian leadership believes that it was involved in arms-for-hostages exchanges.

7. "Key Cabinet members were consulted throughout, and our policy objectives were never in dispute."

— This is not true. The Secretary of State was told on at least four occasions that the operation was completely turned off. The last such time was in June of this year. The Secretary was never shown the Finding; he was not informed of McFarlane's trip to Tehran, and he was unaware of the CIA role in transferring these weapons. Both the Secretaries of State and Defense were firmly opposed to the supply of arms and continued to make their opposition known to the President.

8. "If there had not been so much publicity, we would have had two more than we were expecting."

— The Iranians with whom we were dealing never fully delivered on any of their commitments, and they would not have done so now. It is in their interest to retain several hostages as insurance [redacted] This was proven when Iranian-controlled groups recently picked up three more Americans in Lebanon.

6 May 1987

[redacted]

— Also, even if the deal had worked as planned, it would have been yet further evidence that we condone trading hostages for arms. We understand that among the activities attempted last week was the transfer of additional arms as a sweetener for the release of more hostages. If this had worked, it would have conclusively shown that the price for getting the additional two hostages released was arms.

9. "We said that we did not want to do business with any nation that openly backed terrorism. There has been evidence of a lessening of terrorism on the part of Khomeini and his government."

[redacted]

—Although one may be able to argue that Americans were not as intensely targetted by the Iranians during 1985 as they were formerly, there is no doubt that Iran has not reduced in any way its support for international terrorism and our friends and allies, as well as the three new American hostages in Lebanon, continue to suffer.

6 May 1987

10. "There may be some misunderstanding of one of my answers tonight. There was a third country involved in our secret project with Iran...."

[redacted]

11. "I was not breaking any law.... I have the right under the law to defer reporting to Congress.. ."

— Serious legal questions arise for two reasons:

a) We knew of and evidently acquiesced in Israeli shipments to Iran months before the January 1986 Finding was signed. A central issue is how we square our knowledge and apparent acceptance of such shipments with the fact that, over a year later, we have still not informed Congress of a third party transfer as we are required to do under the Arms Export Control Act.

b) At least one shipment of U.S. arms may have left the U.S. for Iran after August 1986, when Congress passed a law prohibiting all transfers to Iran. While a strong argument can be made that the Finding can authorize transfers prohibited by the AECA's general provisions, that argument became more difficult in the face of the specific prohibition in August.

c) Finally, while Section 501 of the National Security Act implicitly recognizes some degree of legal authority in the President to control the timing and form of notice of intelligence actions, the delay in this instance — about 11 months — is unprecedented and will be condemned by legislators from both parties.

Overall, this action could lead to further restrictions on the President's legal authority.

6 May 1987

UNCLASSIFIED

Chapter 14, Footnote 26

C 09513

NIC 05060-86
3 November 1986

8-71

MEMORA[redacted] FOR: Director of Central Intelligence

FROM: Cha[redacted]. Allen
[redacted] Intelligence Officer for Counterterrorism

SUBJECT: Frankfurt Meetings

1. Bud MacFarlane's trip is becoming known. [redacted] said [redacted] asked him about Bud's visit. The problem stems from the radicals around Montazari taking action. They have convinced him that this was bad for Iran. Interestingly enough, it turns out that Ghobanifar told Montaza[redacted]ut all the transactions and kept him briefed on what is going on. It t[redacted]ut that Ghobanifar and Montazari have been friends for 15 years. [redacted] at the reason for the failure of the Bud trip were several. One was th[redacted] trip had not been fully coordinated at the senior level. One [redacted] problems was Ghobanifar's presence in Tehran and the role he pla[redacted]. Most people do not trust him, but he has convinced [redacted] that he has [redacted] of influence in the United States. [redacted] has a lot of faith i[redacted]anifar. The other problem was Amiran Nir's presence in Tehran. [redacted] old them who he was in order to cover his backside. [redacted] argued t[redacted]nce Ghobanifar [redacted] he was someone that they should use. From [redacted] comments, [redacted] was given to believe that Ghobanifar was quite a powerful man. With further regard to Ghobanifar and his threats, Rafsanjani has proposed inviting him back to Iran and keep him there several months working on things. They can keep him based on the fact that there is an order for his execution. [redacted] said that they do owe Ghobanifar $10 million, but he also owes them 1,000 TOWs. The problem for us is that he has been involved in many deals and we do not know how to judge this statement.

[redacted]

Partially Declassified/Released on 26 [illegible] under provisions of E.O. 12356 [illegible] National Security Council

4455

CL BY [redacted]
DECL OADR [redacted]

Executive Registry 19197

CIIN 4030

UNCLASSIFIED

Chapter 14, Footnote 260
C 09520

3. Ollie North said that since the beginning of the talks we have taken certain political actions. We have talked to [redacted] and pressured them into curtaili[redacted]ales to Iraq. We have opened discussions with [redacted] said that there were four issues that he wished to [redacted]ssion, but first he wanted to say that Khomeini has is[redacted] decree [redacted]ch he states his considered opinion that the hostages a[redacted]soners. This has changed the attitude of the Lebanese captors. [redacted] s[redacted]at they wish to table the following points for discussion:

A. How to proceed with our relations, and relations with other states in[redacted]rea.

[redacted]arrive at a joint understanding as to why things are procee[redacted]ly.

C. He wants to explain and clarify his own role in the operation.

D. He wants both sides to engage in an analysis of the security of the operation.

4. [redacted] On our side we explained the US position in seeking better relat[redacted]with Iran. In this instance we stated that with regard to the 9-point pro[redacted] we were moving as fast as possible and they must also move fast, too. [redacted]aid that he has full trust in the group he is dealing with and wants [redacted]plain the problem of coordinating things in the Iranian Government. [redacted]t understand that this is a new revolutionary government. After Kh[redacted], it is like a corporation. There are three wings in the government. [redacted]ing is the fanatic wing (Tondro). This wing is actually divided into [redacted]roups, one of which is extremely fanatic and the other which is less so. The second group is the Middle Roaders. Rafsanjani is the leader of the Middle Roaders. This group functions as the bridge between the fanatic group and the right wing group. The right wing group leans towards the West in the sense that they want free trade and a democratic government. What must be understood is that all three groups are strongly Islamic and want an Islamic government although all three approach this differently.

5. [redacted]aid to understand the government process, we mu[redacted] that Khomeini [redacted] given to Rafsanjani the responsibility for man[redacted] war and foreign af[redacted]. This is why he is usually referred to as [redacted] two man. When [redacted] first brought up the issue of better [redacted]th the US. Rafsanjani agreed, but said that all groups must take[redacted] Rafsanjani insisted that [redacted]rom all three groups should take part in this program. Aft[redacted]ebate in the cabinet and also the Majlis, a position was rea[redacted] took it up with the Imam who gave his approval. Rafs[redacted]s positi[redacted] that

CIIN 4030

UNCLASSIFIED
SECRET/SENSITIVE

Executive Registry 19198

UNCLASSIFIED

C 09521

if the policy succeeds, all will share. On the same hand if it fails, all will also share so no one can complain. The problem is one of coordination between th[illegible] groups. [redacted] stated that the last shipment of TOWs elimin[illegible] channel and establishes his group. [redacted] said that [illegible]ion was very well received in Tehran. This enables the[illegible]rce the [illegible]t to focus on the hostage situation. There is, how[illegible] some confusion in Tehran.

[illegible]The problem of Montazari. [redacted] They, of course, wer[illegible]are that [redacted] all along. [redacted]

7. [redacted] there is a small group of extremely fanatical Hizballah in [redacted] This gr[illegible]small, very radical, [redacted] united. They published a newspaper in which th[illegible]led that the United States and Iran are cooperating in getting the h[illegible]eleased. [redacted] said that at the moment they have no hard information [illegible] the other two hostages, but he suspects that it could be this [illegible]allah group.

8. In one of his many asides to Clarke, [redacted] said th[illegible]ned about North's demand for release of all the hostages. [illegible]oblem

Executive Registry 19199

CIIN 4030

UNCLASSIFIED

C 09522

[redacted]

[redacted])said that [redacted] would be arriving in Europe on 31 October. [redacted] sai[redacted] they want to move things along and hope that the release of two more hos[redacted] will help. The perception in Tehran is that the American leadership is [redacted]r of movin[redacted]gs along too fast. They interpreted our original seve[redacted]ts as a [redacted]tration of extreme caution. The US side defended this cauti[redacted] that the bottom line is that they released two then took t[redacted]ded several points he wanted to discuss as follows: Kuwaiti p[redacted]cameras for RF-4's, and a list of Phoenix spare parts. [redacted] said that the Iranians have 70 Phoenix missiles which are inoperable and in need of spare parts. Rafsanjani himself is personally interested in the Phoenix problem. This is because the Iraqis have enormous respect for the Phoenix. They need help to repair the missiles on hand as they know it is impossible to obtain new ones. Technicians to help on the Phoenix missiles would be seen as a very positive step in Tehran and could well resolve the whole hostage problem. [redacted] also said that they have enough TOWs for current operations., At this point[redacted]phasized that the sending of things to them have proved the US' good in[redacted]ns. We told [redacted] that it might be some time before we could organize t[redacted]chnical support they needed, but we thought such support was essential a[redacted]r orders for spare parts do not make sense. In fact General Secord belie[redacted]at it someone were to get into their logistics system he could probably l[redacted] large numbers of spares that they do not even know they have. [redacted] also a[redacted]f we could do anything about the 20 Chinooks that have been embargoed in[redacted] for three years. The FBI is also holding $20 million that Iran went t[redacted]t for and won the case. We asked him for additional information on th[redacted]e and some documentary support so that we can follow it up.

10. In another aside, [redacted])stated to Clarke that they feel they must have pilotless drones to give them the kind of intelligence coverage they need. He wondered if they could buy some from the Israelis. This may be an opening for Nir. [redacted] also told us about [redacted] radars they are buying fro[redacted] [redacted] Although they are supposed to be deployed to cover the Soviet Union, in fact the technicians are installing them along the Iraqi border.

11. [redacted]said that a four-man committee has been formed in Tehran to oversee [redacted]ir relations with the United States. They are as [redacted]:

[redacted]

CIIN 4030

UNCLASSIFIED

SECRET/SENSITIVE

Executive Registry 19200

UNCLASSIFIED C 09523

[redacted] said th[redacted] man they ultimately want to meet with senior US officials is [redacted] who is [redacted] and a moderate. He is [redacted] role in this is somewhat foggy. [redacted] is the only one of the four that knows of his role. The best way to describe him is that he is Rafsanjani's window on the operation.

[redacted]

Charles E. Allen

A

CIIN 4030

Executive Registry 19201

UNCLASSIFIED

8-73

CLASSIFIED AT TIME OF PUBLICATION.

UNCLASSIFIED

~~TOP SECRET~~

8-73

C 332

HAKIM: AND HE USED [redacted] AS AN EXAMPLE

[redacted]

HAKIM: IN THIS EVALUATION THEY WANTED TO MAKE SURE THAT THE RELATIONSHIP WOULD NOT DEVELOP LIKE IT WOULD BETWEEN TWO MERCHANTS AND YOU HAD TO START TRADING AND DEALING WITH EACH OTHER. THEY WANTED TO MAKE SURE THE RELATIONSHIP WOULD BE ESTABLISHED AT A LEVEL THAT YOUR OBJECTIVES AND GOAL WOULD BE SOMETHING BEYOND AND HIGHER THAN TRADING.

CAVE: BE OF GREATER VALUE

HAKIM: GREATER VALUE

[redacted]

HAKIM: [redacted] WANTS TO SUPPORT WHAT [redacted] HAS BEEN SAYING. HE SAID WHEN HE GOT THE ASSIGNMENT OF EVALUATING ALL THE EVENTS OF THE PAST AND STARTED WITH********THE FILES AND READ EVERYTHING, AND GET THE INFO FROM [redacted] HE DEFINITELY CAME TO THE CONCLUSION THAT THE RELATIONSHIP WAS AT THE LEVEL OF TWO MERCHANTS, AND HE WANTS TO ESTABLISH ************THAT [redacted] OUTDID HIMSELF ESPECIALLY DURING THE PAST SEVERAL WEEKS TO MAKE THE LEADERS OF THEIR COUNTRY UNDERSTAND THAT THIS IS WRONG TO HAVE A RELATIONSHIP ON THE LEVEL OF MERCHANTS AND ~~WANTS TO LOOK UP TO A RELATIONSHIP~~ THAT IS MORE ~~VALUABLE AND EFFECTIVE~~. ~~DID I MISS~~ ANYTHING?

CAVE: NO. HE WANTS TO MAKE CLEAR THAT EVEN IN THE LAST LETTER THEY DIDN'T LIKE THE MERCHANT TONE OF IT--THE "YOU DO THIS, WE DO THAT." THEY WANT TO GET AWAY FROM THAT.. ~~THEY WANT~~ TO JUST UNDERSTAND.

SE: WHICH LETTER?

CAVE: WELL, THE THING WE DID IN TEHRAN. THEY WANT US TO UNDERSTAND THAT THEY WANT THIS TO BE SOMETHING MORE THAN JUST...

HAKIM: IT IS NOT ?CRITICISM?, IT IS OBSERVATION.

Partially Declassified/Released on 24 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

CAVE: NO, THEY ARE NOT CRITICIZING.

HAKIM: THEY SAY THAT THEY UNDERSTAND THE EVOLUTION.....I'M PRIVILEGED A LITTLE BIT, [redacted] BECAUSE WE HAD A LITTLE BIT MORE TIME TO CHAT THAN ************WE WENT THROUGH THIS. THEY FULLY RECOGNIZE AND APPRECIATE VERY MUCH.THE EFFORTS OF ALL PEOPLE THAT HAVE DONE EVERYTHING THAT THEY HAVE DONE, INCLUDING GHORBANIFAR, AND EVEN THE WAY HE HAS DONE IT [redacted] AND SO ON.

?SECORD?: I'M NOT S[redacted] APPREC[redacted] GHORBANIFAR QUITE SO MUCH.

HAKIM: NO, BUT THEY DO. THEY SAID THAT ************THIS AFTERNOON HE TOLD ME, THE [redacted] HE WAS, AND HAVING THE GUTS TO COME TO [redacted] ACCOMODATE HIM. THEY GIVE A LOT OF VALUE TO THIS. BUT, IT HAS REACHED A POINT THAT THAT RELATIONSHIP CANNOT BEAR FRUIT ANY MORE. IT HAS TO EVOLVE TO THE NEXT STAGE.

5833

UNCLASSIFIED 8-74+75

C 366

CAVE: WE HAD THE U.S. ARMY GO GET THEM.

NORTH: YEAH. IT WAS A VERY SECRET PROCESS, SO THAT WE DON'T HAVE EVERYBODY IN THE WORLD LOOKING AT IT. AND THAT IS AN EXPENSIVE PROCESS. MUCH OF THAT WORK HAS ALREADY BEEN DONE. PARTS HAVE BEEN ASSEMBLED, SOME OF THEM PACKED.... WE STOPPED EVERYTHING WHEN YOU TOLD ME THERE WAS NO MONEY LAST WEEK, WE STOPPED EVERYTHING.

HAKIM: ((INTERPRETS))

NORTH: WE HAVE ALSO TAKEN STEPS TO OBTAIN THE TWO RADARS THAT WERE ASKED FOR.

HAKIM: ((INTERPRETS))

ORTH: WE HAVE IDENTIFIED TWO RADARS THAT ARE PHASE TWO RADARS; THAT'S THE NEXT GENERATION OF HAWK SYSTEMS. AND WE HAVE TOLD THE ARMY TO PREPARE... NOW, I HAVEN'T DONE THIS. I DON'T WANT THE ARMY TO SEE THE WHITE HOUSE BEING IN ON THIS. THIS IS ALL BEING DONE BY SAM ((LAUGHTER)) SAM'S COMPANY.

AKIM: ((INTERPRETS))

ORTH: ... TO PREPARE TO REVERSE ENGINEER THOSE ITEMS AND TO PACK THEM FOR AIR TRANSPORT TO A PORT WHICH IS RELATIVELY NEARBY WHERE WE CAN FLY THEM IN AND TRANSLOAD THEM ONTO A SHIP THAT CAN BRING THEM IN TO BANDAR ABBAS.

AKIM: ((INTERPRETS))

ORTH: WE HAVE ALSO TAKEN STEPS TO IDENTIFY IN THE ARSENALS OR, IF YOU WILL, THE BUNKERS, ADDITIONAL TOWS TO BE MOVED VERY QUICKLY.

AKIM: ((INTERPRETS))

ORTH: NOW THERE ARE REASONS FOR THAT, ALRIGHT? FIRST OF ALL, YOU HAVE THE TOWS ALREADY. YOU DON'T NEED A WHOLE BUNCH OF TRAINING ON THE TOWS, AND THEY CAN BE AIRLIFTED VERY QUICKLY.

Partially Declassified/Released on 24 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

AKIM: ((INTERPRETS))

RTH: THERE IS ALSO A PHILOSOPHICAL REASON. OUR PRESIDENT HAS TOLD ME TO TELL YOU--AND I TOLD [redacted]--THAT WE ARE PREPARED TO HELP IRAN DEFEND ITSELF AND TO MAINTAIN ITS TERRITORIAL INTEGRITY.

AKIM: ((INTERPRETS))

RTH: THE ITEMS THAT WE HAVE IDENTIFIED CAN BE MOVED QUICKLY, AND ARE PRINCIPALLY DEFENSIVE IN NATURE.

AKIM: ((INTERPRETS))

RTH: THEY ARE ALSO ITEMS THAT YOU ALREADY HAD, AND ARE NOT GOING TO BE VISIBLY, BY THE SOVIETS, SUDDENLY DETECTABLE AS SOMETHING NEW AND DIFFERENT.

AKIM: ((INTERPRETS))

RTH: THE ARTILLERY AND OTHER WEAPONS THAT WERE ON THAT LIST, AS I INDICATED TO [redacted] ALMOST A YEAR AGO, ANYTHING IS POSSIBLE.

82-684 1267

5832

C1110 0600

TOP SECRET NOFORN

UNCLASSIFIED

BUT WE HAVE GOT TO TAKE STEPS THAT DO NOT INDEED COMPROMISE US IN THE EYES OF OUR OWN PEOPLE AND IN TERMS OF THE REST OF THE RELATIONSHIP WITH THE ARAB WORLD AND WITH THE SOVIETS.

HAKIM: ((INTERPRETS))

C 367

((SEVERAL CONVERSATIONS GOING ON AT ONCE IN BACKGROUND.))

HAKIM: ((INTERPRETS)) THEY HAVE THE MONEY AVAILABLE FOR THE 500 TOWS RIGHT NOW, TODAY. THEY CAN GIVE TO US ((FEW WORDS UNCLEAR.)) I UNDERSTAND THAT'S ONE SHIPLOAD, RIGHT?

NORTH: PLANELOAD.

[redacted] AND HAKIM TALK TOGETHER. CAVE AND NORTH TALKING TOGETHER. CAN'T MAKE OUT EITHER OF THE CONVERSATIONS.))

HAKIM: ((INTERPRETS)) OKAY. LET ME GIVE YOU THE ((WORD UNCLEAR)) IN A NUTSHELL. WHAT HAS BEEN GOING ON BACK AND FORTH [redacted]AS TRANSLATED SOME OF IT. THE BOTTOM LINE IS THAT THEY HAVE CHANGED THEIR ORDER OF PRIORITIES. THEIR IS A LIST OF EIGHT ITEMS, AND ITEM EIGHT WHICH IS IN THEIR REQUIREMENT IS THE HAWK MISSILES. THEY LIKE... THEIR POSITION IS ALSO RESOLVE THE OTHER SEVEN ITEMS AS TO WHAT OUR POSITION IS, SO THEY CAN REACT TO THE WHOLE THING. I SEE AN ISSUE HERE THAT I HAVE TO GO BACK AND ASK HIM BECAUSE BEFORE WE SAY THAT IN EIGHT DAYS WE WILL BE READY TO SHIP THE, UH, GIVE US THE MONEY TO SEND THE HAWK MISSILES, I DON'T KNOW HOW HE'S GOING TO FILL IN THE GAP HERE. I'LL GO BACK AND CLARIFY THIS AND GET BACK TO YOU. I HAVE A PROBLEM HERE. I DON'T UNDERSTAN[redacted] HERE. ON THE ONE HAND HE SAYS THAT THE PRIORITY HAS CHANGED: PRIORITY ONE, WHICH WAS FORMERLY THE HAWK SPARES, IS ITEM EIGHT. AND THEN EARLIER HE TOLD ME THAT IN EIGHT DAYS HE IS GOING TO PAY FOR THE HAWK PARTS. I SEE A CONTRADICTION HERE THAT I CANNOT DIGEST IN MY COMPUTER. AND I NEED TO GO BACK AND CLARIFY THIS, UNLESS IT'S CLEAR TO YOU GENTLEMEN. IS IT CLEAR TO YOU?

NORTH: NO. BUT LET ME JUST GO ONE STEP FURTHER, BECAUSE I HAVE TAKEN THIS LIST, AND I HAVE TAKEN IT TO THE PRESIDENT. AND HE IS VERY CLEAR ON IT.

HAKIM: ((EXPLAINS THE APPARENT CONTRADICTION T[redacted]XPLAINS AND HAKIM SAYS, IN ENGLISH)) OKAY. AGAIN THERE WAS A MISUNDERSTANDING ON ?THAT HAWK? WHICH IS VERY IMPORTANT FOR YOU TO UNDERSTAND. ASSUMING THAT YOU SAY THAT YOU CANNOT SUPPLY THE SEVEN ITEMS.

NORTH: NO ONE SAID THAT.

HAKIM: NO, NO. I DIDN'T SAY THAT YOU SAID THAT. I KNOW WHAT YOU HAVE SAID. YOU HAVE TOLD[redacted] AND YOU HAVE TOLD EVERYBODY... YOU ARE GOING OVER THE SAME THING. BUT I'M TRYING TO ESTABLISH A FOUNDATION FOR OUR ((WORD UNCLEAR)). I'D LIKE TO SAVE THE REPUTATION OF MY IRANIAN FRIENDS HERE. OKAY? THAT'S WHAT I'M AFTER. REALLY, THE ORDER OF PRIORITY HAS NOT CHANGED. AND I WANT YOU GENTLEMEN TO UNDERSTAND THAT. HE SAYS TODAY IF YOU DON'T GIVE US THE SEVEN ITEMS, THEY WILL GO AHEAD AND BUY THE HAWK PARTS. ((CONFERS QUIETLY WIT[redacted])) ((FEW WORDS UNCLEAR.)) ONE OF THEM IS FINANCIAL.

CAVE: IN OTHER WORDS THEY WANT TO GET THE MOST FOR THEIR MONEY.

NORTH: THIS IS VERY IMPORTANT. MAYBE BEFORE WE EVEN HOLD THIS DISCUSSION,

C/IN 0606

TOP SECRET NOFORN

[redacted] YOU OUGHT TO SEE THE INTELLIGENCE ON IRAQ THAT WE'VE GOT. WHAT I'M TRYING TO DO FOR YOU... AND I'VE SPENT 25 YEARS OF MY LIFE IN THE MILITARY... THAT'S IMPORTANT...

UNCLASSIFIED C 368

AKIM: ((INTERPRETS))

ORTH: WHAT THE PRESIDENT TOLD ME TO DO WAS TO BUILD THE BEST POSSIBLE INTELLIGENCE [redacted] WE DIDN'T GIVE YOU A FULL INTELLIGENCE PACKAGE BACK IN FEBRUARY.

AKIM ((INTERPRETS))

ORTH: BASED ON THE [redacted] PREPARE A LIST OF MOST NEEDED ITEMS THAT WE WOULD RECOMMEND TO YOU...

AKIM ((INTERPRETS))

ORTH HE ONLY PUT ONE CONSTRAINT ON WHAT I DID. "YOU WILL NOT," HE SAID TO ME, "RECOMMEND ITEMS THAT WOULD ALLOW OR ENCOURAGE THE IRANIAN ARMY OR THE PASDARAN TO SEIZE BAGHDAD."

AKIM: ((INTERPRETS))

[redacted]

AKIM. ((INTERPRETS)) ISN'T IT YOUR UNDERSTANDING FROM EVERYTHING THAT YOU HAVE SEEN THAT BAGHDAD IS NOT ONE OF THEIR OBJECTIVES?

ORTH. MY FRIEND, I UNDERSTAND THAT. I ACTUALLY BELIEVE THAT BUT I ONE HELL OF A TIME CONVINCING PEOPLE LIKE CASPER WINEBERGER AND GEORGE SHULTZ.....

AKIM ((INTERPRETS))

ORTH AND THAT'S AN IMPORTANT FACTOR HERE.

AKIM ((INTERPRETS))

[redacted]

AKIM. ((INTERPRETS)) HE SAYS THAT YOU. THEY DID NOT BELIEVE THAT THEY COULD SEIZE FAW, BUT THEY DID.

ORTH: THAT'S WHAT SCARED THE HELL OUT OF CASPER WEINBERGER AND GEORGE SHULTZ. ((LAUGHS))

AKIM. ((INTERPRETS))

[redacted]

AKIM: ((INTERPRETS)) HE SAYS THEY ARE NOT GOING TO WAIT FOR SHULTZ AND WEINBERGER TO SEIZE BAGHDAD.

ORTH: ((LAUGHING)) I UNDERSTAND THAT

[redacted]

CIW 0600

UNCLASSIFIED

NOFORN

UNCLASSIFIED

~~TOP SECRET~~

C 369

HAKIM ((INTERPRETS)) AND IF THEY DO. IT WILL BE TOO LATE.

[redacted] TELL HIM THAT I'M JUST JOKING.

NORTH WEINBERGER. IN OUR LAST SESSION WITH THE PRESIDENT. SAID. "I DON'T THINK WE SHOULD SEND ONE MORE SCREW--TALKING ABOUT THE HAWK PARTS--UNTIL WE HAVE OUR AMERICANS BACK FROM BEIRUT BECAUSE WHEN THE AMERICAN PEOPLE FIND OUT THAT THIS HAS HAPPENED. THEY'LL IMPEACH YOU." TALKING TO THE PRESIDENT

HAKIM ((INTERPRETS))

NORTH HE AND I WENT THROUGH THE LIST WITH THE GENERAL AND THE ADVICE THAT WE PROVIDED WITHIN THE GUIDANCE THAT THE PRESIDENT HAD GIVEN US AND. AGAIN. BASED ON WHAT WE KNOW IS GOING ON IN THE REGION. AND WHAT WE EXPECT OF THE IRAQI PLANS. WAS IMPROVE AIR DEFENSE IMMEDIATELY. PROVIDE ANTI-ARMOR DEFENSE. AND GET YOU THE INTELLIGENCE YOU NEED SO THAT YOU DON'T DECIMATE WHAT'S LEFT OF THE PASDARAN. AND THEN SEE WHERE WE'RE GOING BEFORE WE MOVE ANY OF THIS. HE. THE PRESIDENT. DIDN'T SAY NO TO ANY OF THIS

HAKIM ((INTERPRETS))

NORTH AND WHEN HE'S TALKING ABOUT "SEE WHERE WE GO." WHAT HE IS TALKING ABOUT IS. VERY PRACTICALLY. SEEING WHERE WE ARE GOING WITH THE WAR. THERE'S NO POINT IN YOU SPENDING A BILLION DOLLARS. OR WHATEVER THAT COMES TO. I HAVE NO IDEA WHAT ALL THAT COSTS IF YOU DON'T NEED IT BECAUSE THE WAR IS GOING TO BE OVER

~~HAKIM: ((INTERPRETS))~~

[redacted]

HAKIM ((INTERPRETS)) COULD YOU GIVE YOUR RECOMMENDATION ABOUT THIS LIST. BECAUSE THIS LIST IS BASED ON AN OPERATIONAL PLAN THAT THEY HAVE

NORTH I UNDERSTAND THAT

HAKIM AND THEY WANT TO UNDERSTAND YOUR COMMENTS ABOUT THESE LISTS.

NORTH I THINK. AFTER HE HAS SEEN THE INTELLIGENCE. MY PRAYER FOR THOUSANDS OF YOUNG IRANIAN YOUNGSTERS. IS THAT SOMEBODY THINKS VERY CAREFULLY ABOUT THAT OFFENSIVE. OKAY?

HAKIM ((INTERPRETS))

[redacted] AND HAKIM TALK QUIETLY IN BACKGROUND. INAUDIBLY))

((TIME OUT FOR NORTH AND CAVE TO MAKE PHONE CALLS))

SECORD LET ME THEN. WHILE YOU ARE DOING THAT. GO OVER THEN FOR [redacted] SOME OF THE THINGS WE SAID IN WASHINGTON ABOUT THIS LIST AND HOW IT RELATES TO THE STEP BY STEP APPROACH TO IT AND THE HOSTAGES

HAKIM: THEIR LIST OR OUR LIST?

SECORD THEIR LIST

NORTH THE IMPORTANT THING IS THAT WHAT WE DID WAS LOOK AT THE IMMEDIATE NEEDS. OKAY. I UNDERSTAND THE OFFENSIVE. I UNDERSTAND THE NEED

[illegible] UNCLASSIFIED NOFORN

UNCLASSIFIED
~~TOP SECRET~~

370

FOR IT POLITICALLY WITHIN YOUR COUNTRY THE PRESIDENT UNDERSTANDS THAT OKAY WE TOLD [redacted] WHEN HE WAS IN OUR COUNTRY THAT WE UNDERSTOOD AND RECOGNIZED THE NEED FOR A PERCEPTIBLE VICTORY FOR THE IRANIAN PEOPLE

HAKIM ((INTERPRETS FOR [redacted] AS FOLLOWS)) YOU MUST BELIEVE THAT WE UNDERSTAND THAT YOU NEED THIS OFFENSIVE THE PRESIDENT ALSO UNDERSTANDS THEY ARE SENSITIVE TO THE DESIRE FOR A VICTORY BY THE IRANIAN PEOPLE THESE ((FEW WORDS UNCLEAR)) HAVE BEEN SAID REPEATEDLY WHAT THESE GENTLEMEN ARE SAYING IS NOT THAT YOU SHOULD NOT STAGE AN OFFENSIVE WHAT THEY ARE SAYING IS ALONG THE LINES OF WHAT YOU SHOULD DO TO REACH YOUR OBJECTIVE ((FEW WORDS UNCLEAR) THERE ARE VARIOUS PATHS TO VICTORY THE COURSE WHICH SHOULD BE CHOSEN CAN BE DISCERNED BETTER IF YOU ((FEW WORDS)) INFORMATION

NORTH THE PRESIDENT HAS SAID AND I SAID THIS TO YOU... AND I FLEW UP TO CAMP DAVID TO TALK TO THE PRESIDENT AND HE SAID, "I UNDERSTAND WHY WE SHOULD DO EVERYTHING POSSIBLE TO INSURE AN HONORABLE PEACE FOR IRAN "

HAKIM ((INTERPRETS, BUT SAYS "HONORABLE VICTORY" INSTEAD OF "HONORABLE PEACE"))

[redacted] ((IN ENGLISH)) DON'T EXPLAIN THAT PLEASE

HAKIM WHY YOU DON'T EXPLAIN TO THEM HOW THEY CAN ACHIEVE VICTORY

NORTH BECAUSE I'M NOT SURE THAT OUR DEFINITIONS OF VICTORY ARE COMPLETELY COMPATIBLE

HAKIM ((INTERPRETS))

[redacted]

HAKIM ((INTERPRETS)) HE SAYS HE CANNOT UNDERSTAND WHY YOU CANNOT UNDERSTAND BECAUSE HE SAYS FOR THEM ((FEW WORDS UNCLEAR))

NORTH SADDAM HUSAIN OKAY AND I DON'T KNOW QUITE EXACTLY HOW THAT'S ALL GOING TO WORK OKAY? ONE OF THE THINGS THAT WE WOULD LIKE TO DO IS THAT WE WOULD LIKE TO BECOME ACTIVELY ENGAGED IN ENDING THIS WAR [redacted]

HAKIM ((INTERPRETS)) [redacted]

NORTH [redacted]

HAKIM ((INTERPRETS.))

NORTH WHAT WE'RE TALKING ABOUT IS A PROCESS BY WHICH ALL THE REST OF THE ARAB WORLD COMES VERY QUICKLY TO REALIZE THAT IRAN IS NOT A THREAT TO THEM. IRAN IS NOT GOING TO OVERRUN KUWAIT. IRAN IS NOT GOING TO OVERTHROW THE GOVERNMENT OF SAUDI ARABIA [redacted]

HAKIM ((INTERPRETS))

UNCLASSIFIED
~~TOP SECRET~~ NOFORN

UNCLASSIFIED

[redacted] THIS IS THE CONCLUSION THAT YOU HAVE REACHED?

HAKIM ((INTERPRETS AS:)) DO YOUR REALLY BELIEVE THIS?

NORTH YES. THE INNER CIRCLE OF OUR GOVERNMENT KNOWS THAT THEY HAVE COME TO UNDERSTAND. THE ONLY THING THAT THREW A WRINKLE IN IT IS THE TWO NEW HOSTAGES.

HAKIM ((INTERPRETS.))

SECORD LOOK, I WANT TO ADDRESS THIS LIST JUST AS WE DID IN WASHINGTON.

[redacted] AND HAKIM CONFER QUIETLY IN THE BACKGROUND. U.S. NEGOTIATORS TALK PRIVATELY AMONG THEMSELVES. SEVERAL CONVERSATIONS GOING ON A SIMULTANEOUSLY.))

((END OF TAPE 11))

NEW ODD PAGE

CHAPTER 9. IRAN: THE LEGAL ISSUES

Chapter 24 ... 58
10/5/81
81-

Office of the Attorney General
Washington, D.C. 20530

UNCLASSIFIED

OCTOBER 5, 1981

N° 10018

9-19

The Honorable William J. Casey
Director
Central Intelligence Agency
Washington, D.C. 20505

Re: CIA Exchange of U.S. Weaponry for [redacted] (S)

Dear Bill:

We have been advised by the State Department's Legal Adviser that the Foreign Assistance Act and the Arms Export Control Act were not intended, and have not been applied, by Congress to be the exclusive means for sales of U.S. weapons to foreign countries and that the President may approve a transfer outside the context of those statutes. Accordingly, I believe the exchange for [redacted] may be legally completed, based upon a determination by the President that these Acts cannot be used and that the authorities of the Economy Act and National Security Act may be utilized to achieve a significant intelligence objective. In order to satisfy the Congressional reporting requirements imposed on the Secretary of Defense under DoD Appropriations Authorization Acts (10 U.S.C. 133, Note) and on you by the Intelligence Oversight Act of 1980 (50 U.S.C. 413), the House and Senate Intelligence Committees should be informed of this proposal and the President's determinations. (S

Sincerely,

Bill

WILLIAM FRENCH SMITH
Attorney General

Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by R. [illegible], National Security Council

Classified by Derivative: State Department Memorandum of Law, October 2, 1981.
Review for Declassification: 10/2/2001.

T133

4546

UNCLASSIFIED

10/2/81

THE LEGAL ADVISER
DEPARTMENT OF STATE
WASHINGTON

N 10021

UNCLASSIFIED

~~SECRET/SENSITIVE~~

October 2, 1981

MEMORANDUM OF LAW

SUBJECT: Legal Authority for the Transfer of Arms Incidental to Intelligence Collection

Introduction

This memorandum examines the legal basis for a proposed covert transfer of [redacted] from the stocks of the Department of Defense to the Central Intelligence Agency and from the Central Intelligence Agency to [redacted] This transfer would be an essential precondition to the acquisition [redacted]

Analysis

The Congress has enacted a number of statutes specifically dealing with the international transfer of arms by the United States, contained chiefly in the Foreign Assistance Act of 1961 (hereafter "the FAA") and the Arms Export Control Act (hereinafter "the AECA"). Any examination of the legality of the proposed transaction should begin with the question of whether any of these statutes is necessarily applicable in these circumstances.

At the outset, it should be noted that since this proposed transfer of U.S. arms would be a cash sale, laws dealing with grants of defense articles and with "assistance" to foreign countries are not applicable. In this regard, former section 640 of the FAA (79 Stat. 661) provided that references in that Act to "assistance" would not be construed as applicable to cash sales of defense articles. This rule of construction is preserved by section 45(c) of the AECA (22 U.S.C. 2751 note) stating that no provision of law (with certain exceptions not here relevant) shall be deemed to apply to that Act unless it refers specifically thereto or refers generally to sales of defense articles and services. When section 45(c) was enacted in 1968, the report of the House Committee on Foreign Affairs explained its purpose as follows:

4548

UNCLASSIFIED

N 10022

> "The second sentence [of subsection (c)] continues in force after the repeal of section 640 of the FAA by subsection (a) the rule of construction contained therein that restrictions which do not refer specifically to sales of defense articles and defense services and are phrased only in general terms of prohibiting "assistance" do not apply to sales." H.R. Rep. No. 1641, 90th Cong. 2d Sess., p.14 (1968).

These expressions of legislative intent--in the Foreign Assistance Act, the Arms Export Control Act, and the above-quoted committee report--show that Congress does not regard cash sales of defense articles"as constituting assistance" for purposes of laws prohibiting assistance to foreign countries. Therefore, it is unnecessary to consider restrictions such as those contained in section 620(i) of the FAA (22 U.S.C. 2370(i)) on assistance to nations engaged in aggressive military efforts, or section 620(t) of the FAA (22 U.S.C. 2370(t)) [redacted]

Certain categories of military equipment may be transferred only under specified authorities or after compliance with certain procedures. In particular, section 514(a) of the FAA requires that any defense article in the DOD inventory "which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country" may be transferred to a foreign country only under the authority of the FAA or the AECA. In addition, 10 U.S.C. 957 prohibits any "sale outside the Department of Defense" of any defense article classified "as Prepositioned Material Configures to Unit Sets, as decrement stock, or as Prepositioned War Reserve Stocks" unless the President determines and reports to Congress that certain criteria relating to an international crisis are met. Further, section 813 of P.L. 94-106, as amended (10 U.S.C. 133 note), requires a report to Congress in the case of "any proposal to transfer defense articles which are valued at $25,000,000 or more from the United States active forces' inventories or from current production.

The General Counsel of the Department of Defense has determined that [redacted] proposed to be transferred in this case will all come from active forces' inventories and from current production. Accordingly, the first two of the three statutes described in the preceding paragraph do not apply. However, the third statute does require a report to Congress by the Secretary of Defense.

UNCLASSIFIED

Although the applicable statute does not specify the form or the precise recipients in Congress of such a report, the practice has been to furnish reports of transfers from active forces' inventories and new production in writing to the Speaker of the House and the President of the Senate, with copies to the Armed Services Committees. In light of this practice, it would seem prudent to offer at least an oral report to the chairmen of the Armed Services Committees, explaining that the proposed transfer is one of great sensitivity and is being reported on in detail to the Intelligence Committees. (It is understood that the Intelligence Committees will be informed in accordance with the usual procedures for providing notification of significant anticipated intelligence activities in accordance with section 501 of the National Security Act of 1947 (50 U.S.C. 413).)

Arms sales by the United States to foreign countries are expressly authorized by the Arms Export Control Act. Specifically, section 21(a) of the AECA (22 U.S.C. 2761(a)) authorize the President to make cash sales to foreign countries of defense articles from the stocks of the Department of Defense. However, it is clear that the requirements of the AECA cannot be met in this case. The principal relevant requirements are as follows:

--Sales may be made only to countries with respect to which the President has found such sales will strengthen the security of the United States and promote world peace (§ 3(a)(1), 22 U.S.C. 2753 (a)(1));

-- The articles may be sold only for use for legitimate purposes and the recipient country must agree to use the arms only for legitimate (e.g., self defense) purposes, not to retransfer them without USG consent, and to maintain their security (§§ 3(a)(2) and (3), 4, 22 U.S.C. 2753(a)(2) and (3), 22 U.S.C. 2754);

--A report of the proposed sale of major defense equipment valued at $7 million or more must be submitted to Congress, which may disapprove the sale by concurrent resolution within 30 days after receiving such report (§ 36(b), 22 U.S.C. 2776(b)).*

---

*Congressional review under section 36(b) may be waived personally by the President if he certifies to Congress that an emergency exists which requires the sale in the national security interest. However, this authority has been exercised only once in the seven years since section 36(b) was enacted in 1974 (for Yemen in 1979, see Presidential (Footnote continued next page)

UNCLASSIFIED ~~SECRET/SENSITIVE~~

In the case [redacted] the President has made no determination of eligibility under section 3(a)(1) of the AECA. It is at least questionable whether [redacted] use of the U.S. arms [redacted] could be characterized as a legitimate use of force in self defense (see the definition of aggression set forth in UNGA Res. 3314 (XXIX) (1974)). Congressional review is obviously impractical and acceptance of this transfer by Congress might be unobtainable in any event.

In view of the foregoing, it seems clear that a transfer under the authority of the AECA is impracticable. Accordingly it has been proposed that DOD transfer the weapons to CIA under the authority of section 601 of the Economy Act of 1932 (31 U.S.C. 686), which permits one federal agency to order equipment from another on a reimbursable basis to carry out an authorized activity of the requesting agency. It is then proposed that CIA effect the transfer [redacted] under the sweeping authority granted to that agency by section 102(d) of the National Security Act of 1947 (50 U.S.C. 403(d)). Section 102(d) provides that it shall be the duty of CIA, under NSC direction, to perform services of common concern for the benefit of existing intelligence agencies and to perform "such other functions and duties relating to intelligence affecting the national security as the National Security Council may from time to time direct."

The proposed reliance upon the Economy Act and the National Security Act, neither of which contains any explicit reference to arms transfers, gives rise to the question of whether the Arms Export Control Act, which contains a comprehensive framework of policy guidance, substantive authorities (and limitations of authority), and procedures specifically addressed to international sales of arms by the United States is a preemptive statue which, by implication, precludes reliance upon the more general authorities of DOD and CIA.

---

*Footnote con't
Determination No. 79-6 of March 7, 1979, 44 Fed. Reg. 18633). That single instance provoked intense Congressional interest. See Hearings on Proposed Arms Transfers to the Yemen Arab Republic before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee, 96th Cong., 1st Sess. (1979). Any future determination under section 36(b) would require publication of a notice in the Federal Register under section 654(c) of the FAA (22 U.S.C. 2414(c)). Such a publication would obviously be incompatible with the covert nature of the proposed transaction.

UNCLASSIFIED ~~SECRET/SENSITIVE~~

It seems clear that Congress has not regarded the FAA and the AECA as an exclusive body of law fully occupying the field with respect to U.S. arms tranfers. There are several illustrations where Congress, having been made aware of transfers to foreign countries outside that body of specific authorities, has reacted by enacting limited restrictions or reporting requirements rather than by prohibiting such transfers altogether.

One set of examples involves DOD's authority to lease non excess property "not for the time needed for public use" (10 U.S.C. 2667). When Congress considered the previous use of that authority to transfer small naval vessels to foreign countries it amended 10 U.S.C. 7307 to impose new reporting requirements. See P.L. 93-365,§ 702,88 Stat. 405 (1974). Similarly, when Congress considered the use of this leasing authority to transfer helicopters to El Salvador in 1980 it established a new reporting requirement covering all major leases to foreign governments. See P.L. 96-533. § 109,94 Stat. 3137 (1980). However, it did not challenge the lawfulness of previous transfers by lease or prohibit such transfers in the future.

More directly in point are the examples of Congressional action with respect to covert arms transfers conducted by CIA. These include section 513(b) of the FAA (22 U.S.C. 2321 f(b)) enacted in 1974 and precluding non-FAA or AECA funding for military assistance to Laos; section 662 of the FAA (22 U.S.C. 2422), also enacted in 1974 and requiring Presidential approval of and reports to Congress on CIA "operations in foreign countries other than activities intended solely for obtaining necessary intelligence";* and section 404 of P.L. 94-329,90 Stat. 757) enacted in 1976 and prohibiting assistance for military or paramilitary operations in Angola. All of these statutes were enacted against a background of covert actions, including arms transfers. Although the language in the relevant committee reports is rather circumspect in this regard, the legislative history of the prohibition on assistance to Angola is especially instructive. That prohibition was amended in the committee of conference to add the words "notwithstanding any other provision of law." The reason for this amendment was explained in the conference report as being "to make clear that the prohibition on security assistance [i.e., arms transfers] is not limited solely to assistance furnished pursuant to this Act." H.R. Rep. No. 94-1913, 94th Cong. 2d Sess., p.70 (1974). The reference to "this Act" meant the International Security Assistance And Arms Export Control Act of 1976 (P.L. 94-329, 90 Stat. 729), which amended extensively both the FAA and the AECA. Moreover, the prohibition was enacted as a companion to the so-called "Tunney amendment" to the FY1976 DOD Appropriation bill (H.R. 9861, 94th Cong. 1st Sess. (1975). That amendment deleted funds intended for use by CIA to provide covert military assistance, including arms transfers, in Angola. See debates at 121 Cong. Rec. 40872-40873, 41196-41212, 41564, 41617-41623 (1975).

---

*The reporting requirements of section 662 were superseded by section 407 of P.L. 96-459, 94 Stat. 1981 (1980), which added a new section 501 to the National Security Act of 1947, entitled "Congressional Oversight" (50 U.S.C. 413).

**Section 404 was superseded in 1980 by section 118 of P.L. 96-533, which reenacted the 1976 prohibition with minor changes (22 U.S.C. 2293 note).

The CIA General Counsel advises that, since the enactment in 1974 of the above-described legislation on reports to Congress of covert actions, several reports have been made of covert actions involving arms transfers to foreign countries by CIA and Congress has acquiesced in such transfers. This fact, together with the above-discussed record of limited Congressional action to deal with international arms transfers made in the past outside the framework of the security assistance laws, provides a sound legal basis for concluding that the AECA is not an exclusive authority for arms sales to foreign governments.

There remains, however, a difficult issue of judgment that is presented because of the amount of this particular transfer, the nature of the equipment, and the controversial character of the intended recipient. I am unaware of any covert arms transfer in recent years which has so directly confronted the central purpose of the Arms Export Control Act that large transfers of major defense equipment to volatile regions such as [redacted] should be carried out under effective policy [illegible] the Congress, with careful Executive Branch deliberations encouraged by the need to subject their outcome to Congressional review. See S. Rep. No. 94-605, 94th Cong., 2d Sess., pp. 4-8 (1976). While the Arms Export Control Act is not an exclusive statutory authority, it surely was intended to be the primary basis

UNCLASSIFIED

for international arms transfers. Other authorities have been invoked only as exceptions to this generally applicable law and have not been treated as complete alternatives. At some point, the use of an exceptional authority would defeat the purpose of the generally applicable legislation.

In the absence of a clear line drawn by Congress, I believe the President has the discretion to decide that this case is not a circumvention of the law in view of its primary intelligence collection objective, the high priority attached to the particular objective here involved, and the practical impossibility of using the at least partially open procedure of the Arms Export Control Act. However, if the President were to make such a judgment, and if the transaction were later to become public [redacted] it would be difficult to defend publicly the legal rationale for proceeding in the manner proposed if it also continued to be necessary to keep secret the specific intelligence objective that motivated the transfer and the extraordinary value of that objective.

Should there result a belief in Congress that the President had exceeded the bounds of permissible exceptions to the Arms Export Control Act, the legal consequences would be of a legislative character. A criminal prosecution would be unlikely since export licensing requirements do not apply to exports by government agencies for carrying out programs authorized by law and subject to the President's control (see 22 U.S.C. 2778(b)(2)); presumably, a decision to go forward would proceed on the basis that CIA's authority, although unclear, is sufficient. A civil action against Government officials challenging the legality of the transfer would seem unlikely to prosper given the political character of the questions presented. However, there would seem to be a genuine risk of new legislation to prohibit arms transfers outside the Arms Export Control Act and Foreign Assistance Act. If enacted, such legislation could be a serious impediment to the relatively small but nevertheless important covert transfers that CIA is presently able to carry out.

[redacted]

UNCLASSIFIED
~~SECRET/SENSITIVE~~

[redacted]

Conclusion

Although the matter is not entirely free from doubt, I believe (and the General Counsels of DoD and CIA concur) that the President has the discretionary authority to proceed with the proposed activity under the National Security Act of 1947. To do so would present legal risks, chiefly that Congress might challenge his decision and enact new, restrictive legislation. [redacted]

If the President decides to proceed, reports to the

UNCLASSIFIED
~~SECRET/SENSITIVE~~

Intelligence and Armed Services Committees of Congress would be necessary. In addition, it might help to reduce the risk of an adverse legislative reaction if the chairmen of the House Foreign Affairs and Senate Foreign Relations Committees were informed.

Davis R. Roninson

CHAPTER 10. THE DIVERSION

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 11. THE DISCLOSURE AND THE UNCOVERING

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE
AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 12. THE NSC'S ROLE IN INVESTIGATIONS

6/11/86
Chapter 5 Footnote 159

UNCLASSIFIED

12-23

T E L E T Y P E (Hand carry) 6/11/86

FROM SAC, WASHINGTON FIELD OFFICE [redacted] (C) (CI-9)

TO DIRECTOR, FBI ROUTINE

ATTN: INTELLIGENCE DIVISION, SSA LARRY CORDELL

BT

~~SECRET~~

F B 297

NICARAGUAN ACTIVE MEASURES PROGRAM DIRECTED AGAINST LIEUTENANT COLONEL OLIVER NORTH/NATIONAL SECURITY COUNCIL; OO:WFO

ALL MARKINGS, NOTATIONS AND ITEMS OF INFORMATION CONTAINED IN THIS COMMUNICATION ARE CLASSIFIED "SECRET" UNLESS OTHERWISE NOTED.

RE WFOTEL TO FBIHQ, DATED 5/26/86, CAPTIONED "RUFIJI; FCI-NU; OO:WFO".

WFO HAS REVIEWED THE STATUS OF CAPTIONED INVESTIGATION AS WELL AS ANALIZED THE INFORMATION PROVIDED BY LIEUTENANT COLONEL NORTH AND HAS SUBSEQUENTLY CORRELATED THE INFORMATION (17)

V.34

SECRET

[redacted]

2-WFO
3-Bureau

REA:cjc
(5)

DE-145 4/20/88

5/4c1

E.O. 12356

4338

11 DEC 18 1986

UNCLASSIFIED

17 JUL 2

UNCLASSIFIED

PAGE TWO DE WF 0028 F B 297

AGAINST SPECIFIC CONTRA VOTE DATES PROVIDED BY FBIHQ CONGRESSIONAL LIAISON. THROUGH WFO'S INVESTIGATION, IT HAS BEEN DETERMINED THAT THERE IS A DEFINITE ASSOCIATION BETWEEN THE DATES OF THE CONGRESSIONAL VOTES ON CONTRA AIDE TO THE NICARAGUAN REBELS AND THE "ACTIVE MEASURES" BEING DIRECTED AGAINST LIEUTENANT COLONEL NORTH. IN ADDITION TO THE ABOVE, WFO HAS OBTAINED A COPY OF A CIVIL COMPLAINT TAKEN IN THE SOUTHERN DISTRICT OF FLORIDA FILED ON MAY 29, 1986 AND ON REVIEW HAS DETERMINED THAT THE CIVIL COMPLAINT MAY BE YET ANOTHER ACTIVE MEASURES PROGRAM PRIOR TO THE JUNE 19, 1986 CONTRA AIDE VOTE. AS IN THE PAST, THE ACTIVE MEASURES CIVIL SUIT IS DIRECTED AT NORTH, AND SPECIFIC CHARGES IN THE CIVIL COMPLAINT MAY BE DROPPED IF THE CONTRA VOTE FAILS IN THE U.S. CONGRESS. THE CIVIL COMPLAINT NAMES NUMEROUS INDIVIDUALS WHICH ARE PRESENTLY AIDING THE CONTRA EFFORT UNDER COLONEL NORTH'S DIRECTION. THE PURPOSE OF THE CIVIL COMPLAINT MAY BE TO DISCLOSE THE IDENTITY AND METHODS, THROUGH THE USE OF THE U.S. COURT SYSTEM, OF PERSONS IN SUPPORT OF THE CONTRA VOTE. THE ABOVE INFORMATION WITH

UNCLASSIFIED

PAGE THREE DE WF 0028 S

F B 2979

RESPECT TO THE CIVIL SUIT IS AN OBSERVATION.

ON JUNE 3, 1986, WFO MET WITH COLONEL NORTH IN ORDER TO OBTAIN ADDITIONAL INFORMATION WHICH MAY ASSIST IN ADDING MORE INFORMATION OF INVESTIGATIVE VALUE TO REFERENCED COMMUNICATION. AT THIS MEETING NORTH EXPRESSED GREAT CONCERN THAT INFORMATION HE HAD PREVIOUSLY PROVIDED HAD NOT BEEN ACTED UPON BY WFO. IT SHOULD BE POINTED OUT THAT WFO HAD NO SPECIFIC INSTRUCTIONS OTHER THEN THOSE INSTRUCTIONS RECEIVED BY SA DAVID REISNER IN A MEETING WITH DEPUTY ASSISTANT DIRECTOR PHIL PARKER AND UNIT CHIEF JIM EGBERS. IN THE ABOVE MEETING, WFO WAS TO TAKE NO SPECIFIC INVESTIGATIVE STEPS INTO ALLEGATIONS OF ACTIVE MEASURES DIRECTED AGAINST NORTH.

NORTH EXPRESSED SPECIFIC CONCERN AS TO WHY NO ACTION HAS BEEN TAKEN REGARDING THE FOLLOWING:

1. NO INTERVIEW OF [redacted] CENTRAL INTELLIGENCE AGENCY (CIA), IN ORDER TO OBTAIN ANALYTICAL ASSISTANCE AND INFORMATION CONCERNING ACTIVE MEASURES CAMPAIGN.

2. LACK OF CONTACT WITH NATIONAL SECURITY OFFICER FRED COLCOM FOR ANY INFORMATION CONCERNING DRUG CHARGES

SECRET

UNCLASSIFIED

PAGE FOUR DE WF 0028 S E C

UNCLASSIFIED

LEVELED AGAINST NORTH.

3. NO INTERVIEW OF DANIEL SHEEHAN OF THE CHRISTIE INSTITUTE CONCERNING THE SOURCE OF ALLEGATIONS HE PROVIDED AGAINST NORTH.

4. NO CONTACT OR INTERVIEW WITH LEONARD DOWNING OF THE WASHINGTON POST CONCERNING THREATENING TELEPHONE CALLS HE ALLEGEDLY RECEIVED FROM LIEUTENANT COLONEL NORTH.

5. NO REVIEW OF ANY CHARGES PLACED BY SENATOR KERRY AGAINST NORTH, NOR ANY ATTEMPT TO OBTAIN THE INFORMATION PRESENTLY AT THE DEPARTMENT OF JUSTICE (DOJ) INVOLVING SENATOR KERRY'S ALLEGATIONS.

6. NO INTERVIEW OR CONTACT OF SENATOR DURENBERGER AND HAMILTON CONCERNING THE SOURCE OF CHARGES THEY BROUGHT AGAINST COLONEL NORTH IN AUGUST, 1985.

7. NO INVESTIGATION BEING CONDUCTED WITH THE METROPOLITAN POLICE DEPARTMENT (MPD) IN ORDER TO CHECK THE NUMBER OF VANDALISM INCIDENCES ON THE ELLIPSE IN WASHINGTON, D.C. DURING AUGUST AND SEPTEMBER, 1985, WHEREIN NORTH'S PERSONAL VEHICLE WAS VANDALIZED. NO EFFORT HAS BEEN

SECRET

UNCLASSIFIED

PAGE FIVE DE WF 0028 S

MADE TO DETERMINE IF NORTH'S VEHICLE WAS THE SOLE TARGET OF ANY VANDALS DURING THAT PERIOD.

F B 290

AT THE SAME MEETING, NORTH EXPRESSED FURTHER CONCERN THAT HE MAY BE TARGETED FOR ELIMINATION BY ORGANIZED CRIME DUE TO HIS ALLEGED INVOLVEMENT IN DRUG RUNNING IN VIEW OF THE MURDER ON FEBRUARY 17, 1986 OF A DRUG ENFORCEMENT ADMINISTRATION (DEA) AGENT STEELE, ON THE DATE PRIOR TO STEELE'S TESTIFYING AGAINST THE SANDINISTA DRUG INVOLVEMENT.

BASED ON THE ABOVE, AND THE RESTRAINTS PLACED ON WFO WITH RESPECT TO ANY FURTHER INVESTIGATION, WFO IS PLACING THIS MATTER IN A CLOSED STATUS FOR THE FOLLOWING REASONS:

ALTHOUGH THE ALLEGATIONS MADE BY LIEUTENANT COLONEL NORTH MAY BE THE RESULT OF AN ACTIVE MEASURES PROGRAM DIRECTED PRIMARILY AGAINST THE REAGAN ADMINISTRATION'S EFFORT TO SECURE 100 MILLION DOLLARS IN MILITARY AIDE TO THE CONTRA, AND SPECIFICALLY DIRECTED AGAINST LIEUTENANT COLONEL NORTH, AS THE ADMINISTRATION'S PRINCIPAL AGENT IN SUPPORT OF THE CONTRA, WFO IS UNABLE TO RESOLVE THE IDENTITY OF THE ORIGINATOR OF THESE ACTIVITY MEASURES. FURTHER, WFO HAS NO PREDICATION INTO THIS INVESTIGATION.

UNCLASSIFIED

PAGE SIX DE WF 0028 S E C R E T

IF FBIHQ REQUIRES ANY FURTHER ACTION BY WFO, WFO IS REQUESTING SPECIFICS REGARDING ANY FURTHER INVESTIGATION AND IS REQUESTING THAT THIS INFORMATION BY SET FORTH ALONG WITH APPROPRIATE INVESTIGATIVE ASSISTANCE.

2902

CLASSIFIED BY: 2327; DECLASSIFY ON: OADR

F B

BT

#0028

NNNN

UNCLASSIFIED

CHAPTER 13. THE NEED TO PATCH LEAKS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE
AVAILABLE FROM PUBLIC SOURCES.

CHAPTER 14. RECOMMENDATIONS

THE DOCUMENTS CITED IN THESE FOOTNOTES ARE AVAILABLE FROM PUBLIC SOURCES.

ADDITIONAL VIEWS OF
HONORABLE PETER W. RODINO, JR.,
HONORABLE DANTE B. FASCELL, VICE CHAIRMAN,
HONORABLE JACK BROOKS,
AND HONORABLE LOUIS STOKES

Ex. 3

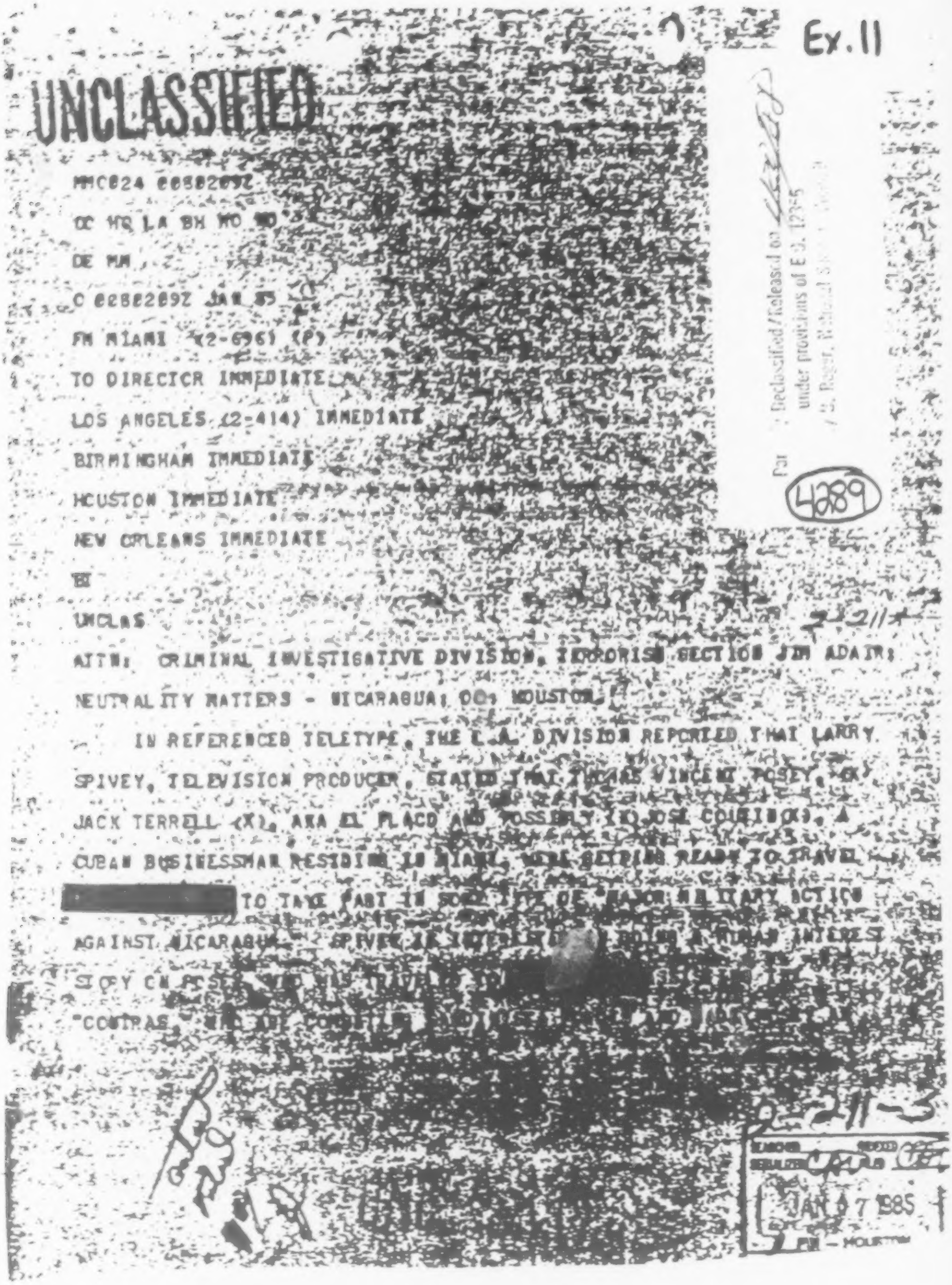
CLASSIFIED AT TIME OF PUBLICATION.

Ex. 4

CLASSIFIED AT TIME OF PUBLICATION.

Ex. 5

CLASSIFIED AT TIME OF PUBLICATION.



UNCLASSIFIED

Ex. 11

Declassified/Released on [illegible]
under provisions of E.O. 12356
[illegible] Reger, National Security Council

4289

MMC024 0080209Z

OO HQ LA BH HO NO

DE MM

O 080209Z JAN 85

FM MIAMI (2-696) (P)

TO DIRECTOR IMMEDIATE

LOS ANGELES (2-414) IMMEDIATE

BIRMINGHAM IMMEDIATE

HOUSTON IMMEDIATE

NEW ORLEANS IMMEDIATE

BT

UNCLAS

2-211

ATTN: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION JIM ADAIR;

NEUTRALITY MATTERS - NICARAGUA; OO: HOUSTON.

IN REFERENCED TELETYPE, THE L.A. DIVISION REPORTED THAT LARRY SPIVEY, TELEVISION PRODUCER, STATED THAT THOMAS VINCENT POSEY, (X), JACK TERRELL (X), AKA EL FLACO AND POSSIBLY (X) JOSE COUTIN (X), A CUBAN BUSINESSMAN RESIDING IN MIAMI, WERE GETTING READY TO TRAVEL [redacted] TO TAKE PART IN SOME TYPE OF MAJOR MILITARY ACTION AGAINST NICARAGUA. SPIVEY IS INTERESTED IN DOING A HUMAN INTEREST STORY ON POSEY WHO HAS TRAVELED [illegible]

"CONTRAS," [illegible]

2-211-3

JAN 0 7 1985

FBI — HOUSTON

UNCLASSIFIED

N 12602

[one page]
of 9/17/86 18:44:36 message
Deleted

5-12-87

Partially Declassified/Released on 6 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

1599

UNCLASSIFIED

12-3a+33

UNCLASSIFIED

PAGE TWO AM (2-696) UNCLAS

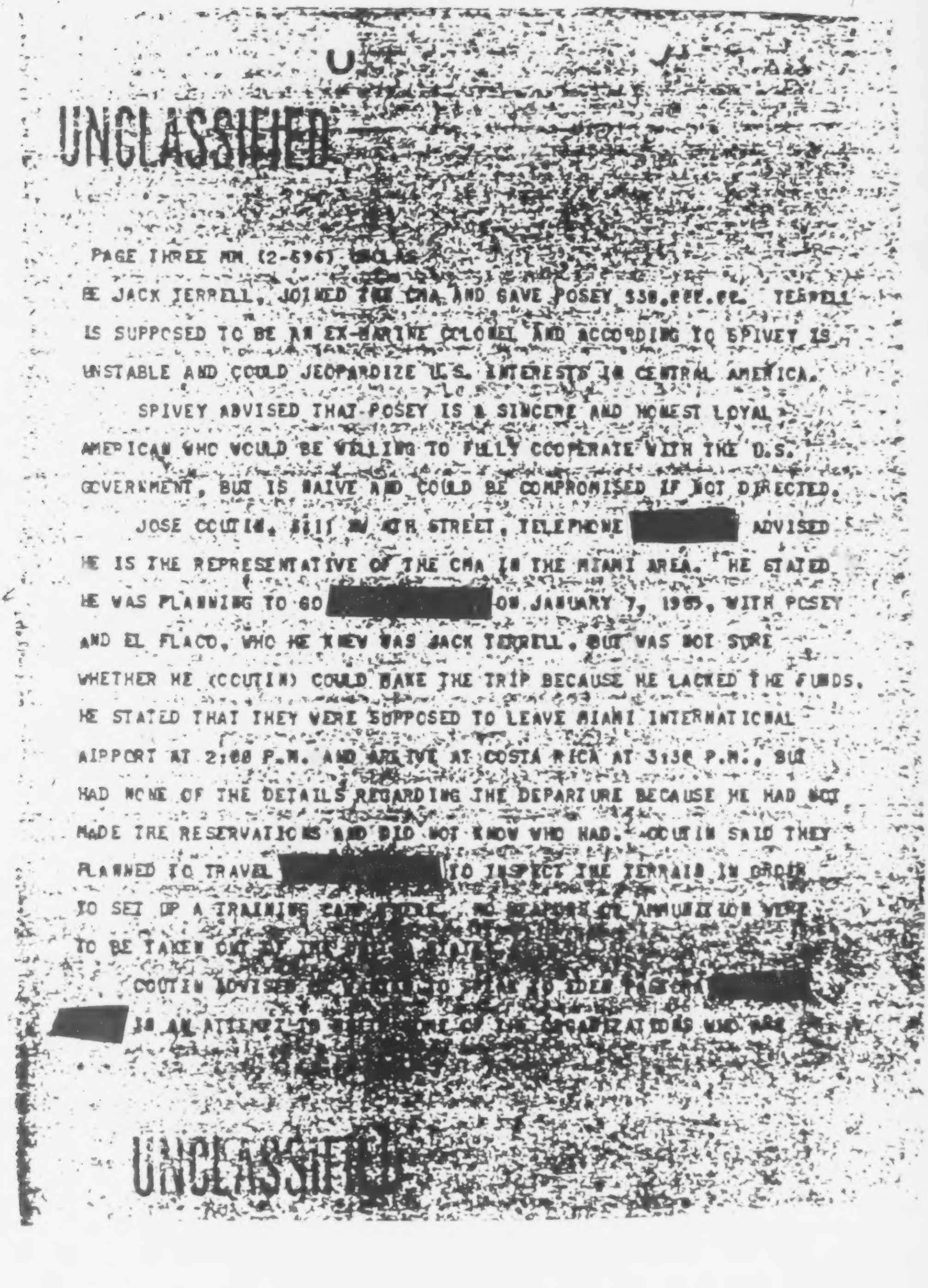
OFFER TO DO HIS STORY BUT HE (POSEY) DID NOT RESPOND. SUBSEQUENTLY, JIM ADAIR, WHO WRITES FOR "EAGLES MAGAZINE," WHICH IS A LOW-GRADE SOLDIERS OF FORTUNE MAGAZINE CALLED SPIVEY FROM HOUSTON, TEXAS AND OFFERED HIM THE RIGHTS TO AN ACTION THAT PRIVATE U.S. CITIZENS WERE TO CARRY OUT AGAINST NICARAGUA ON JANUARY [illegible]

ON JANUARY 5, 1985, SPIVEY CONTACTED THE L.A. DIVISION FROM MIAMI, FLORIDA, STATING THAT POSEY AND SEVERAL OTHERS WERE CHECKED IN AT A HOWARD JOHNSON'S MOTEL IN MIAMI AND WERE PLANNING TO LEAVE [redacted] ON JANUARY 7, 1985, FLIGHT UNKNOWN.

ON JANUARY 6, 1985, LARRY SPIVEY, [illegible] SHERMAN WAY, CALIFORNIA 91406, UNIT 197, TELEPHONE NUMBER (818) 981-7555, ADVISED THAT POSEY FOUNDED THE CIVILIAN MILITARY ASSISTANCE (CMA), AN ORGANIZATION BASED IN HUNTSVILLE, ALABAMA, WHICH HAD TWO MEMBERS DOWNED IN A HELICOPTER INCIDENT NEXT TO THE NICARAGUAN BORDER. SPIVEY STATED THAT POSEY IS A WELL-MEANING EX-MARINE, WHO WANTS TO DEFEAT COMMUNISM BUT NOT BY "KILLING PEOPLE." HE SAID THAT HE HAS BEEN HELPING THE "CONTRAS" [redacted] WITH TRAINING AND [illegible] SUPPLIES.

SPIVEY STATED THAT [illegible] TO

UNCLASSIFIED



UNCLASSIFIED

PAGE THREE MM (2-596) UNCLAS

BE JACK TERRELL, JOINED THE CMA AND GAVE POSEY $50,000.00. TERRELL IS SUPPOSED TO BE AN EX-MARINE COLONEL AND ACCORDING TO SPIVEY IS UNSTABLE AND COULD JEOPARDIZE U.S. INTERESTS IN CENTRAL AMERICA.

SPIVEY ADVISED THAT POSEY IS A SINCERE AND HONEST LOYAL AMERICAN WHO WOULD BE WILLING TO FULLY COOPERATE WITH THE U.S. GOVERNMENT, BUT IS NAIVE AND COULD BE COMPROMISED IF NOT DIRECTED.

JOSE COUTIN, 8111 NW 4TH STREET, TELEPHONE [redacted] ADVISED HE IS THE REPRESENTATIVE OF THE CMA IN THE MIAMI AREA. HE STATED HE WAS PLANNING TO GO [redacted] ON JANUARY 7, 1985, WITH POSEY AND EL FLACO, WHO HE KNEW WAS JACK TERRELL, BUT WAS NOT SURE WHETHER HE (COUTIN) COULD MAKE THE TRIP BECAUSE HE LACKED THE FUNDS. HE STATED THAT THEY WERE SUPPOSED TO LEAVE MIAMI INTERNATIONAL AIRPORT AT 2:00 P.M. AND ARRIVE AT COSTA RICA AT 3:30 P.M., BUT HAD NONE OF THE DETAILS REGARDING THE DEPARTURE BECAUSE HE HAD NOT MADE THE RESERVATIONS AND DID NOT KNOW WHO HAD. COUTIN SAID THEY PLANNED TO TRAVEL [redacted] TO INSPECT THE TERRAIN IN ORDER TO SET UP A TRAINING CAMP THERE. NO WEAPONS OR AMMUNITION WERE TO BE TAKEN OUT [illegible]

COUTIN ADVISED HE [illegible] TO TALK TO EDEN PASTORA [redacted] [redacted] IN AN ATTEMPT TO [illegible] ONE OF THE ORGANIZATIONS WHO ARE

UNCLASSIFIED

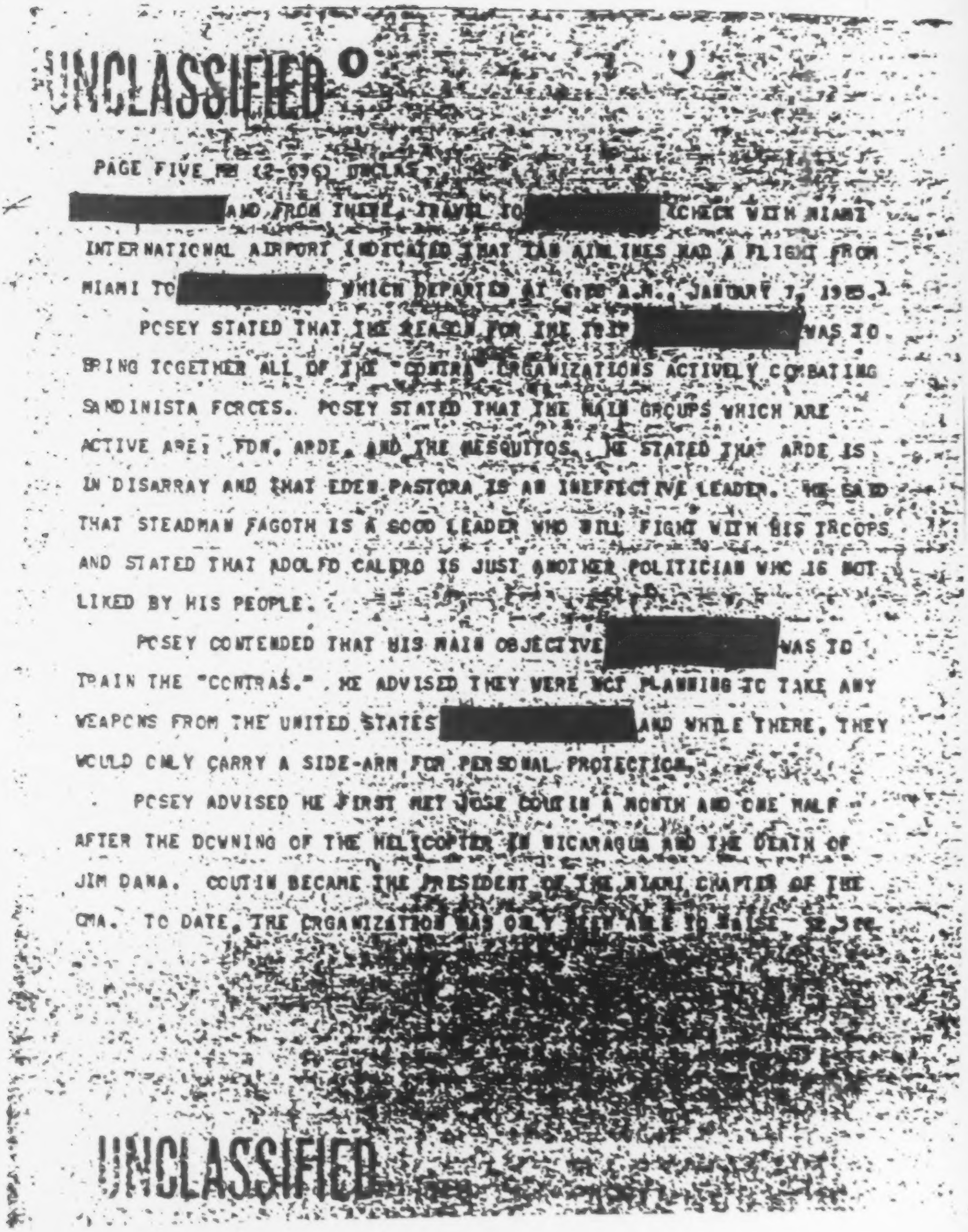
COMBATING SANDINISTA FORCES IN NICARAGUA. COUTIN STATED THEY WERE SUPPOSED TO STAY [redacted] FOR ONE WEEK.

COUTIN ADVISED HE DID NOT KNOW WHERE TERRELL LIVES, BUT STATED HE CAN REACH HIM THROUGH TELEPHONE NUMBER [redacted] WHICH IS LOCATED IN ALABAMA.

COUTIN ADVISED HE CONTACTED POSEY BY TELEPHONE RIGHT AFTER THE HELICOPTER CRASH IN NICARAGUA AND EXPRESSED HIS SOLIDARITY FOR HIS CAUSE. DURING NOVEMBER OF 1984, POSEY CAME TO MIAMI AND COUTIN MET HIM PERSONALLY, PLEDGING HIS COOPERATION. THEY INITIALLY HOPED TO SEND 7 TO 8 INSTRUCTORS [redacted] EVENTUALLY REACHING A TOTAL OF 28. THESE INSTRUCTORS WILL TEACH THE "CONTRAS" [redacted] [redacted] MAINTENANCE OF WEAPONS, GUERRILLA WARFARE TACTICS, FIRST-AID, ETC. NONE OF THE INSTRUCTORS WERE TO BECOME INVOLVED IN THE ACTUAL FIGHTING.

ON JANUARY 6, 1985, THOMAS VINCENT POSEY ADVISED HE WAS PLANNING TO TRAVEL [redacted] ON JANUARY 7, 1985, WITH JOE WILLIAMS AND JACK TERRELL, AKA EL FLACO. TERRELL IS A FORMER MARINE MAJOR AND WILLIAMS, A FORMER PAN AMERICAN SHOOTING CHAMPION AND MARINE WHO WAS BORN IN ST. LOUIS, MISSOURI. POSEY BELIEVES THAT TERRELL MADE THE TRAVEL ARRANGEMENTS. THEY WERE SUPPOSED TO LEAVE THE MIAMI INTERNATIONAL AIRPORT AT [illegible] ON JANUARY [illegible] 1985, EN ROUTE TO

UNCLASSIFIED



UNCLASSIFIED

PAGE FIVE MM (2-696) UNCLAS

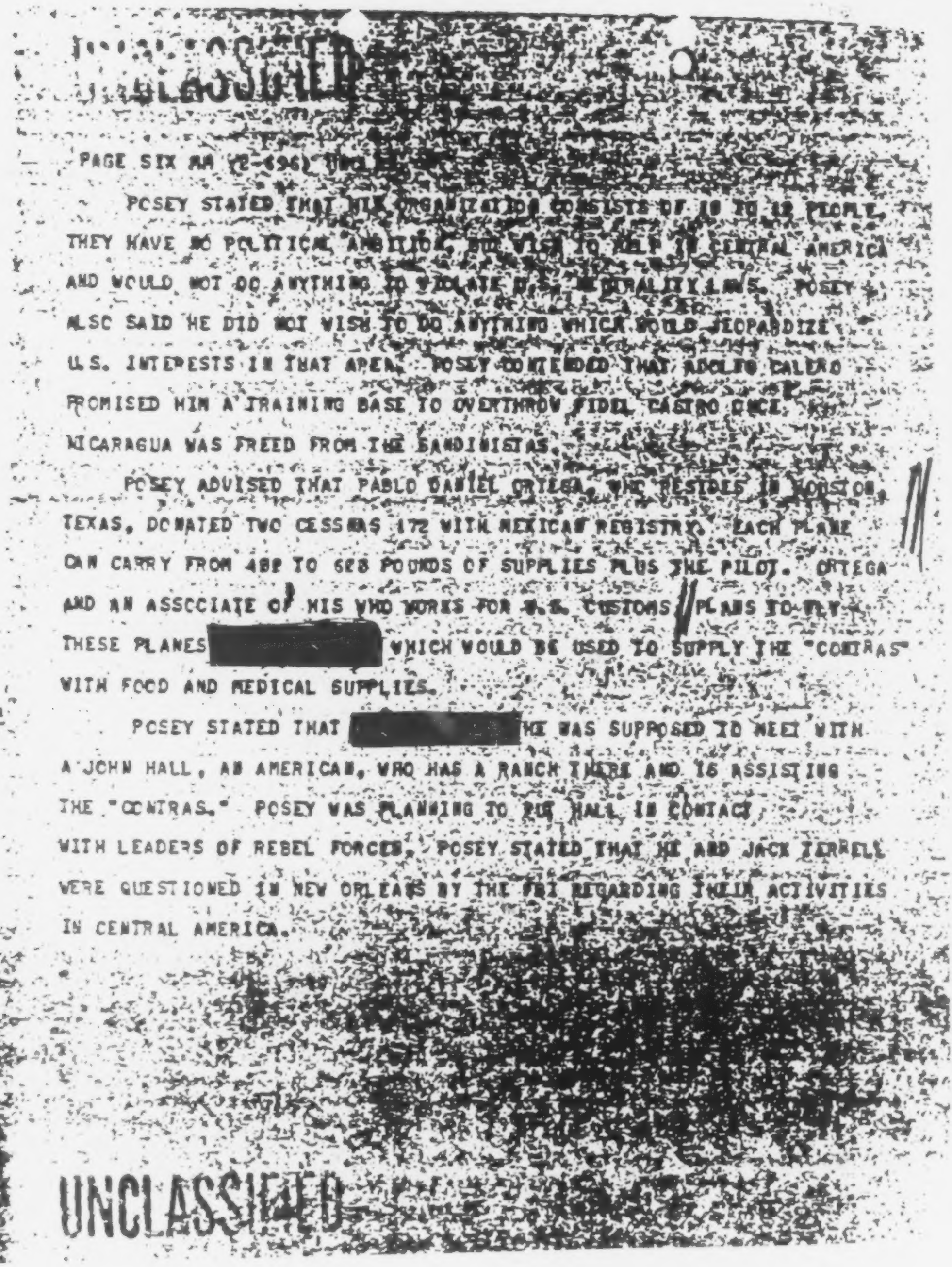
[redacted] AND FROM THERE, TRAVEL TO [redacted] (CHECK WITH MIAMI INTERNATIONAL AIRPORT INDICATED THAT TAN AIRLINES HAD A FLIGHT FROM MIAMI TO [redacted] WHICH DEPARTED AT [illegible] A.M., JANUARY 7, 1985.)

POSEY STATED THAT THE REASON FOR THE TRIP [redacted] WAS TO BRING TOGETHER ALL OF THE "CONTRA" ORGANIZATIONS ACTIVELY COMBATING SANDINISTA FORCES. POSEY STATED THAT THE MAIN GROUPS WHICH ARE ACTIVE ARE: FDN, ARDE, AND THE MESQUITOS. HE STATED THAT ARDE IS IN DISARRAY AND THAT EDEN PASTORA IS AN INEFFECTIVE LEADER. HE SAID THAT STEADMAN FAGOTH IS A GOOD LEADER WHO WILL FIGHT WITH HIS TROOPS AND STATED THAT ADOLFO CALERO IS JUST ANOTHER POLITICIAN WHO IS NOT LIKED BY HIS PEOPLE.

POSEY CONTENDED THAT HIS MAIN OBJECTIVE [redacted] WAS TO TRAIN THE "CONTRAS." HE ADVISED THEY WERE NOT PLANNING TO TAKE ANY WEAPONS FROM THE UNITED STATES [redacted] AND WHILE THERE, THEY WOULD ONLY CARRY A SIDE-ARM FOR PERSONAL PROTECTION.

POSEY ADVISED HE FIRST MET JOSE COUTIN A MONTH AND ONE HALF AFTER THE DOWNING OF THE HELICOPTER IN NICARAGUA AND THE DEATH OF JIM DANA. COUTIN BECAME THE PRESIDENT OF THE MIAMI CHAPTER OF THE CMA. TO DATE, THE ORGANIZATION HAS ONLY BEEN ABLE TO RAISE $2,500

UNCLASSIFIED



UNCLASSIFIED

PAGE SIX AA (2-696) UNCLAS

POSEY STATED THAT HIS ORGANIZATION CONSISTS OF 10 TO 12 PEOPLE. THEY HAVE NO POLITICAL AMBITIONS, BUT WISH TO HELP IN CENTRAL AMERICA AND WOULD NOT DO ANYTHING TO VIOLATE U.S. NEUTRALITY LAWS. POSEY ALSO SAID HE DID NOT WISH TO DO ANYTHING WHICH WOULD JEOPARDIZE U.S. INTERESTS IN THAT AREA. POSEY CONTENDED THAT ADOLFO CALERO PROMISED HIM A TRAINING BASE TO OVERTHROW FIDEL CASTRO ONCE NICARAGUA WAS FREED FROM THE SANDINISTAS.

POSEY ADVISED THAT PABLO DANIEL ORTEGA, WHO RESIDES IN HOUSTON, TEXAS, DONATED TWO CESSNAS 172 WITH MEXICAN REGISTRY. EACH PLANE CAN CARRY FROM 400 TO 600 POUNDS OF SUPPLIES PLUS THE PILOT. ORTEGA AND AN ASSOCIATE OF HIS WHO WORKS FOR U.S. CUSTOMS PLANS TO FLY THESE PLANES [redacted] WHICH WOULD BE USED TO SUPPLY THE "CONTRAS" WITH FOOD AND MEDICAL SUPPLIES.

* POSEY STATED THAT [redacted] HE WAS SUPPOSED TO MEET WITH A JOHN HALL, AN AMERICAN, WHO HAS A RANCH THERE AND IS ASSISTING THE "CONTRAS." POSEY WAS PLANNING TO PUT HALL IN CONTACT WITH LEADERS OF REBEL FORCES. POSEY STATED THAT HE AND JACK TERRELL WERE QUESTIONED IN NEW ORLEANS BY THE FBI REGARDING THEIR ACTIVITIES IN CENTRAL AMERICA.

UNCLASSIFIED

POSEY PROVIDED HIS OWN BACKGROUND INFORMATION.

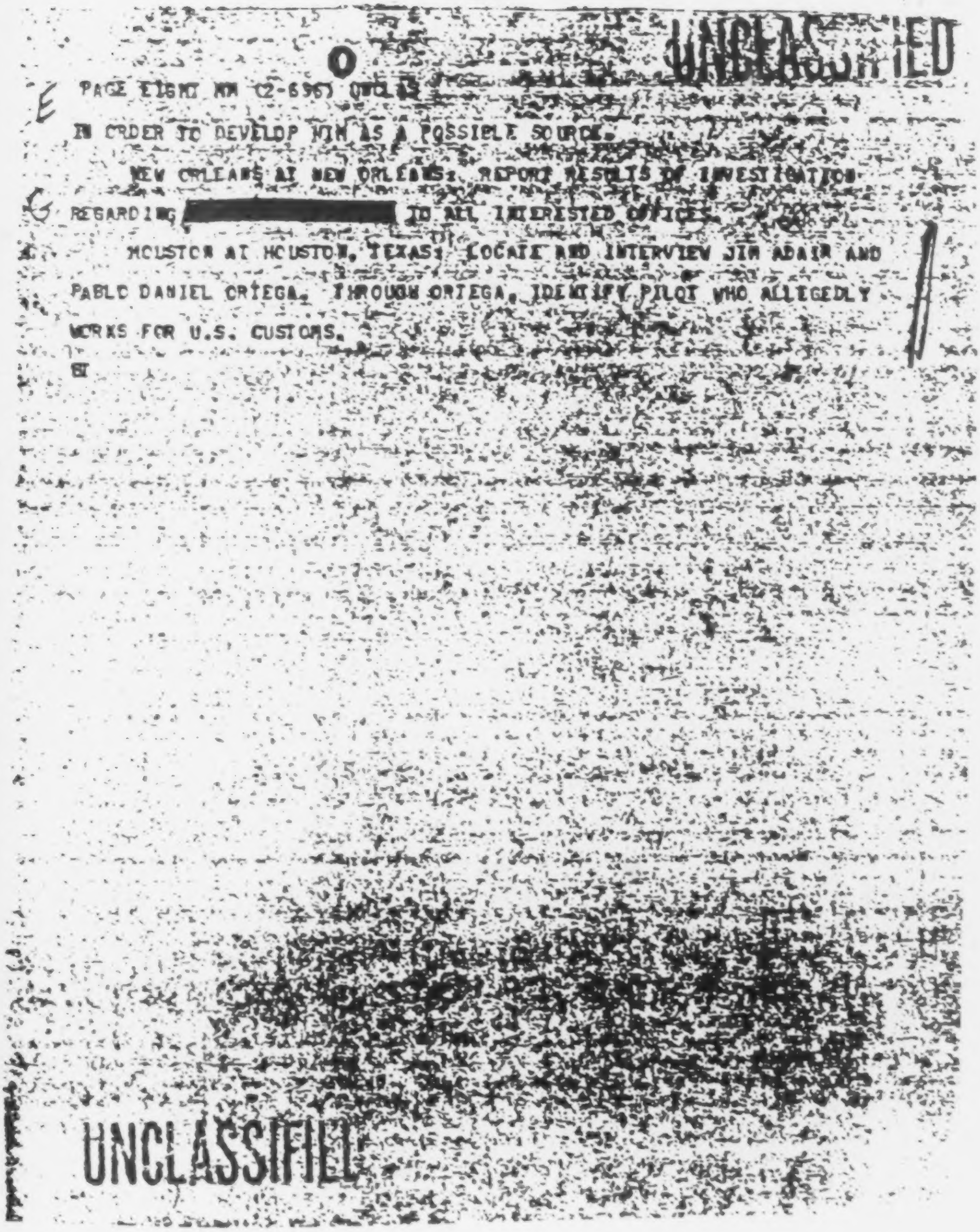
NAME - THOMAS VINCENT POSEY; WHITE MALE; DOB JUNE 3, 1946, POB HUNTINGTON, WEST VIRGINIA; HEIGHT 6 FEET; HAIR LIGHT BROWN; EYES BLUE; BUILD MEDIUM; SSAN [redacted] AND 353-3191 (BUSINESS).

ON JANUARY 7, 1985, POSEY TELEPHONICALLY CONTACTED AN FBI AGENT ASSIGNED TO THE MIAMI DIVISION AND STATED THAT JOHN HALL AND HIS RIGHT-HAND MAN, MARIO (LNU) HAD ARRIVED IN MIAMI AND WERE ATTEMPTING TO GET MARIO CALERO TO SEPARATE FROM HIS BROTHER, ADOLFO, IN ORDER TO ESTABLISH A SOUTHERN FRONT [redacted] HALL SAID HE COULD INFLUENCE EDEN PASTORA TO WORK WITH THEM. TERRELL WAS INSTIGATING THE DEVELOPMENT OF ABOVE-DESCRIBED SCENARIO. POSEY STATED HE WOULD CONTINUE TO REPORT TO THE FBI NEW DEVELOPMENTS.

REQUEST OF THE BUREAU: FBI HEADQUARTERS IS REQUESTED TO DISSEMINATE ABOVE INFORMATION TO OLIVER NORTH, NATIONAL SECURITY COUNCIL, WHITE HOUSE.

BIRMINGHAM AT HUNTSVILLE, ALABAMA: POSEY STATED HE HAS BEEN PREVIOUSLY CONTACTED BY FBI AGENT GUYNNE L. HUFFER, WHOM HE TRUSTS. IT IS REQUESTED THAT SA HUFFER MAINTAIN CONTACT WITH POSEY

UNCLASSIFIED



UNCLASSIFIED

E PAGE EIGHT MM (2-696) UNCLAS

IN ORDER TO DEVELOP HIM AS A POSSIBLE SOURCE.

NEW ORLEANS AT NEW ORLEANS: REPORT RESULTS OF INVESTIGATION

G REGARDING [redacted] TO ALL INTERESTED OFFICES.

HOUSTON AT HOUSTON, TEXAS: LOCATE AND INTERVIEW JIM ADAIR AND PABLO DANIEL ORTEGA. THROUGH ORTEGA, IDENTIFY PILOT WHO ALLEGEDLY WORKS FOR U.S. CUSTOMS.

BT

UNCLASSIFIED

Ex. 12

UNCLASSIFIED

U.S. Department of Justice

Federal Bureau of Investigation

Office of the Director

Washington, D.C. 20535

April 22, 1987

Honorable David L. Boren
Chairman, Senate Select Committee
on Intelligence
United States Senate
Washington, D. C.

Dear Mr. Chairman:

In a recent conversation with Assistant Director William M. Baker, Sven Holmes and other members of your Committee staff requested that we respond to allegations made in the April 20, 1987, issue of Newsweek and the April 15, 1987, issue of the Philadelphia Inquirer that the FBI furnished documents about Contra activities to Lieutenant Colonel Oliver North.

The results of an internal inquiry into this matter by the FBI are furnished in the attached memorandum.

Please don't hesitate to contact me if I can be of any further assistance.

Sincerely,

William H. Webster
Director
by Anthony E. Daniels

Enclosure

~~Par~~ ~~Declassified~~/Released on 1/20/88
under provisions of E.O. 12356
by B. Reger, National Security Council
UNCLASSIFIED

UNCLASSIFIED

4292

UNCLASSIFIED

JIM ADAIR
NEUTRALITY MATTERS - NICARAGUA

In response to reports appearing in the April 20, 1987, issue of Newsweek and the April 15, 1987, Philadelphia Inquirer, alleging the FBI furnished LTC Oliver L. North with documents about Contra activities, an internal inquiry was instituted by FBI Headquarters (FBIHQ).

Basis for captioned investigation

A review of available information reveals that on December 28, 1984, the U.S. Department of State (USDS) advised the FBI they received a call on December 21, 1984, from Larry Spivey who said he was producing a television documentary entitled "Victims for Victims" which would deal with American citizen military involvement in Nicaragua. According to the USDS, Spivey had information concerning the plans of a group of private American citizens who were planning a "dramatic action" against the Government of Nicaragua. The person mentioned by Spivey as the source of his information was one Jim Adair of Houston, Texas. The Civilian Military Assistance (CMA) Group, located in Alabama, was also mentioned by Spivey during his recitation of events dealing with possible actions against the Government of Nicaragua.

In response to the above USDS report, the FBI, after receiving authorization from the U.S. Department of Justice (DOJ), instituted a Neutrality Act investigation. A teletype was transmitted to Los Angeles, FBI, on December 28, 1984, requesting the interview of Larry Spivey. Houston, FBI, was requested to check the name Jim Adair through their office indices and to initiate appropriate agency checks. In addition, the above information was also furnished to the FBI in Birmingham, Alabama, inasmuch as CMA was known to be headquartered in Decatur, Alabama.

Investigation by Los Angeles Field Office

On January 5, 1985, Special Agent (SA) Michael N. Boone, Los Angeles, FBI, the investigator assigned to this case, transmitted a teletype to FBIHQ, Birmingham, Houston, and Miami Field Offices reporting that he received a telephone call from

UNCLASSIFIED

Spivey who was calling from Florida. Spivey furnished additional details concerning the proposed action in Nicaragua. He named the principal planners as Tom Posey and a man known only to him as Colonel Flaco (phonetic). Spivey related that Posey had informed him that an armed invasion of Nicaragua was to be launched from Costa Rica culminating with the establishment of a provisional government in opposition to the Sandinista regime. He further advised that Posey had met with Adolfo Calero, who was characterized as a leader of the Contra movement.

Spivey commented that he had related much of this information to Oliver North of the National Security Council (NSC). According to Spivey, North was concerned that such an action in Nicaragua could cause serious foreign policy damage and that it was highly likely any poorly organized action would be foiled, resulting in the possible capture of United States citizens in Nicaragua which would be contrary to national policy.

SA Boone contacted by Lt. Col. North

The January 5, 1985, Los Angeles teletype referred to above, noted that SA Boone had been telephonically contacted by Oliver North. North advised he had been in contact with Adolfo Calero who was not in favor of the planned invasion, stating such activities would do extreme damage to the Contra movement. Calero further advised that many of these men were very dangerous and misdirected and that Colonel Flaco was an extreme personality and was moving the group in the wrong direction. Calero advised, according to North, that Colonel Flaco and many of the other participants had weapons, some of which appeared to be illegal. North requested that no mention be made of Calero in connection with this matter due to the sensitive nature of his association with the U.S. Government.

On April 15, 1987, SA Boone was contacted by FBIHQ and requested to recount his discussion with Oliver North concerning this matter. SA Boone recalled he was contacted by Oliver North on or about January 5, 1985. SA Boone commented that he regarded such contact as highly unusual and was not certain at the time that the caller was genuine. In order to confirm his identity, North provided SA Boone with a telephone number and requested that SA Boone recontact him at that number. SA Boone did so and determined that this telephone number was in fact the White House switchboard number. During this recontact, North requested an update of the investigation. North also wanted to confirm that the FBI was investigating this matter, emphasizing that these reported plans regarding Nicaragua were contrary to White House policy. SA Boone was under the impression that North wanted to be certain the FBI was investigating this matter in an effort to interdict the group's activities. North stated he would report any additional information he might receive to the FBI.

Investigation by FBI Miami

In response to the January 5, 1985, Los Angeles teletype sent by SA Boone, the Miami Field Office contacted Larry Spivey and conducted other investigation in this matter. Additional details concerning the plans of the subjects of this case regarding Nicaragua were established. Posey, and others, were interviewed.

SA George Kiszynski, who was the Miami Agent assigned to this investigation in 1985, advised FBIHQ on April 15, 1987, that he has never directly communicated with LTC Oliver North.

Dissemination to NSC

The Miami Field Office reported the results of its investigation in this case to FBIHQ via teletype on January 8, 1985, with copies to the Los Angeles, Birmingham, Houston, and New Orleans Field Offices. In view of the concern of Oliver North in this matter, which Miami had discerned from the January 5, 1985, Los Angeles teletype, Miami requested the substance of their teletype be relayed to Oliver North of the NSC by FBIHQ.

In addition, a teletype was transmitted to FBIHQ by FBI, Houston, on January 10, 1985, reporting a January 9, 1985, interview of James Bynum Adair of Missouri City, Texas, the subject of this neutrality investigation.

A review of files indicates that the January 8, 1985 Miami teletype and the January 10, 1985 Houston teletype were disseminated to the NSC by FBIHQ Supervisory Special Agent (SSA) John J. Newman.

When questioned about this dissemination on April 15, 1987, SSA Newman advised it was his judgment at the time that the information contained in the two communications could have been of use to the NSC for foreign policy considerations and elected to effect dissemination. SSA Newman stated he could recall no personal contact with Oliver North.

An informative note dated January 8, 1985 summarizing the contents of the Miami teletype of that same date and enclosing a copy of the communication was sent to the Director, who initialed it to the file. The note indicated that the Miami teletype was being disseminated to several Federal agencies including the NSC, without reference to Lt. Col. North.

UNCLASSIFIED

The neutrality investigation of Jim Adair was closed by the Houston FBI Office on September 12, 1985. A letterhead memorandum dated October 17, 1985 summarizing the results of that investigation was disseminated by FBIHQ to several Federal agencies including the NSC, without reference to Lt. Col. North. SSA Paul Lorenzetti, who was then a Supervisor at FBIHQ, advised on April 20, 1985 that he disseminated this document to the NSC because it was consistent with prior handling of communications in this case.

A review of the Adair file at FBIHQ conducted to date has not disclosed any dissemination of communications to the NSC or to Lt. Col. North other than the above described documents.

UNCLASSIFIED

Ex. 15

HO 2-211-4
Footnote 15

UNCLASSIFIED

G;

1/20/88

UNCLASSIFIED

(4293)

[illegible] ON JAN. 13, 1985, LAWRENCE SPIVEY TELEPHONICALLY CONTACTED SA GWYNNE L. HOPPER AT HIS RESIDENCE IN HUNTSVILLE, AL. SPIVEY INDICATED HE WAS CALLING FROM WASHINGTON D.C. AND WAS WITH TOMMY POSEY. SPIVEY INDICATED THAT IT WOULD NOT BE NECESSARY FOR SA HOPPER TO MEET WITH POSEY AT THE HUNTSVILLE AIRPORT [illegible] PREVIOUSLY PLANNED.

SPIVEY SPOKE [illegible] OF [redacted] TO [illegible] MENTION OF THE TWO [illegible] NUMBER MEMBERS OF THE NATIONAL SECURITY [illegible] FROM [illegible] "SHOULD HAVE BEEN [illegible]

UNCLASSIFIED

PAGE THREE - UNCLAS [illegible]

SPIVEY ADVISED THAT SOMEONE IN THE ADMINISTRATION (NOT NAMED) HAD ASKED PRESIDENT RONALD REAGAN "WHAT ARE WE GOING TO DO ABOUT TOMMY POSEY". TO WHICH THE PRESIDENT REPLIED "WHAT DO YOU MEAN". ACCORDING TO SPIVEY THIS INDIVIDUAL IN THE ADMINISTRATION THEN ASKED "ARE WE GOING TO PROSECUTE HIM FOR VIOLATION OF THE NEUTRALITY STATUTE", TO WHICH PRESIDENT REAGAN REPORTEDLY STATED "NOT WHILE MY ADMINISTRATION IS IN OFFICE." SPIVEY STATED THAT THE PRESIDENT REGARDS POSEY AS A "NATIONAL TREASURE".

SPIVEY INDICATED THAT A FBI ASSISTANT DIRECTOR (NAME NOT KNOWN BY SPIVEY) WAS FOLLOWING THE POSEY CASE CLOSELY.

SPIVEY WAS ASKED HOW HE WAS INVOLVED IN THIS SITUATION AND HE REPLIED THAT HE WAS PLANNING ON PRODUCING A FEATURE DOCUMENTARY CONCERNING TOMMY POSEY AND THE CMA.

SPIVEY ADVISED THAT HE COULD BE REACHED THROUGH TELEPHONE NUMBER (202) 429-1700, EXT. 701, AND THAT TOMMY POSEY WAS STAYING AT A HOLIDAY INN IN WASHINGTON D.C. AND COULD BE REACHED THROUGH TELEPHONE NUMBER (202) 737-1200, ROOM [illegible]

SPIVEY CONCLUDED BY [illegible] THAT POSEY WOULD TELEPHONICALLY CONTACT SA [illegible] BEFORE [illegible] JETPORT.

UNCLASSIFIED

PAGE FOUR UNCLAS [illegible]

THE ABOVE IS BEING PROVIDED FOR [illegible]

UNCLASSIFIED

Ex. 17

UNCLASSIFIED

TOP SECRET

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Non-Log

14042

July 17, 1986

TOP SECRET

ACTION

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: OLIVER L. NORTH

SUBJECT: Terrorist Threat: Terrel

N 45918

Several months ago, a U.S. citizen named Jack Terrel became an active participant in the disinformation/active measures campaign against the Nicaraguan Democratic Resistance. Terrel's testimony was used in the Avirgan/Honey suit in Costa Rica and has been entered in the Florida law suit against Richard Secord, et al. Terrel has appeared on various television "documentaries" alleging corruption, human rights abuses, drug running, arms smuggling, and assassination attempts by the resistance and their supporters. Terrel has also been working closely with various Congressional staffs in preparing for hearings and inquiries regarding the role of U.S. Government officials in illegally supporting the Nicaraguan resistance.

After the "West 57th" piece by CBS two weeks ago, Project Democracy officials decided to use its security apparatus to attempt to determine how much Terrel actually knows about their operations. One of the security officers for Project Democracy met several times with Terrel and evaluated him as "extremely dangerous" and possibly working for the security services of another country.

This afternoon, Associate FBI Director, Oliver Revell, called and asked for any information which we might have regarding Terrel in order to assist them in investigating his offer to assassinate the President of the United States. [redacted] The FBI now believes that Terrel may well be a paid asset of the Nicaraguan Intelligence Service (DGSE) or another hostile security service.

Mr. Revell has asked to meet with the Project Democracy security officer who has been meeting with Terrel. A meeting has been arranged for this evening. The FBI has notified the Secret Service and is preparing a counter intelligence/counter-terrorism operations plan for review by OSG-TIWG tomorrow.

Declassified/Released on [illegible]
under provisions of E.O. 12356
Reger, National Security Council

4288

TOP SECRET
Declassify: OADR

TOP SECRET

UNCLASSIFIED

TOP SECRET

UNCLASSIFIED UNCLASSIFIED UNCLASSIFIED

N 45919

It is interesting to note that Terrel has been a part of what appears to be a much larger operation being conducted against our support for the Nicaraguan resistance. We have not pursued this investigation -- which includes threatening phone calls to the managing editor of the Washington Post -- because of its political implications. It would now appear that [redacted] of Terrel's activities, this may well be much more than a political campaign.

RECOMMENDATION

That you discuss this matter with the Attorney General and the President, as appropriate.

Approve ____ Disapprove J

Ollie,

Give me another memo, for the President this time including the results of OSG. What do you want me to tell AG?

J

UNCLASSIFIED

UNCLASSIFIED UNCLASSIFIED

Ex.18

UNCLASSIFIED UNCLASSIFIED SECRET

UNCLASSIFIED SECRET

THE WHITE HOUSE

WASHINGTON

SYSTEM II
90554

14038

INFORMATION

July 28, 1986

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN M. POINDEXTER JP

SUBJECT: Terrorist Threat: Terrell

PR N 45896

Issue

Anti-contra and anti-U.S. activities by U.S. citizen, Jack Terrell.

Background

Several months ago, a U.S. citizen named Jack Terrell became an active participant in the disinformation/active measures campaign against the Nicaraguan Democratic Resistance. Terrell has appeared on various television "documentaries" alleging corruption, human rights abuses, drug running, arms smuggling, and assassination attempts by the resistance and their supporters. Terrell is also believed to be involved with various Congressional staffs in preparing for hearings and inquiries regarding the role of U.S. Government officials in illegally supporting the Nicaraguan resistance.

Terrell was first interviewed by the FBI on March 5, 1986, as a cooperating witness in a neutrality investigation concerning alleged activities of the Civilian Military Assistance (CMA) group -- including weapons and narcotics smuggling, plotting the assassination of the U.S. Ambassador to Costa Rica, Lew Tambs, and bombing his embassy. [redacted]

Par[illegible]y Declassified/Released on [illegible]
under provisions of E.O. 12356
/ S. Reger, National Security [illegible]

Discussion

The Operations Sub-Group (OSG) of the Terrorist Incident Working Group (TIWG) has made available to the FBI all information on Mr. Terrell from other U.S. Government agencies. Various government agencies -- Customs, Secret Service, the Bureau of Alcohol, Tobacco and Firearms -- have information on some of Terrell's activities and the FBI is currently consolidating this information for their investigation.

(4287)

UNCLASSIFIED SECRET UNCLASSIFIED

SECRET

UNCLASSIFIED

The FBI reports that Terrell went to Miami, coincident with your visit on Wednesday. The FBI, in concert with the Secret Service, has Terrell under active surveillance [redacted] The FBI has advised that the non-U.S. Government supporters of the Nicaraguan resistance have been particularly helpful in this investigation.

It is important to note that Terrell has been a principal witness against supporters of the Nicaraguan resistance both in and outside the U.S. Government. Terrell's accusations have formed the basis of a civil law suit in the U.S. District Court in Miami and his charges are at the center of Senator Kerry's investigation in the Senate Foreign Relations Committee. Since it is important to protect the knowledge that Terrell is the subject of a criminal investigation, none of those with whom he has been in contact on the Hill have been advised.

Prepared by:
Oliver L. North

UNCLASSIFIED

SECRET